TREASURE STATE ENDOWMENT PROGRAM

2009 Biennium
Project Evaluations and Funding Recommendations

Montana Department of Commerce
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FOR TSEP APPLICATION (PROJECT) SUMMARIES FOR THE 2009 BIENNIUM

PART 1

EXECUTIVE SUMMARY

1. The Treasure State Endowment Program (TSEP) was authorized by Montana voters with the passage of Legislative Referendum 110 in 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA. The program is administered by the Montana Department of Commerce (MDOC). See Appendix A for the complete text of the statute.

2. Eligible TSEP applicants include cities, towns, counties, consolidated governments, tribal governments, and county or multi-county water, sewer, or solid waste districts.

3. Eligible TSEP projects include drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges.

4. Eligible TSEP applicants may submit one application for up to $750,000 for a TSEP grant to assist with funding a construction project. Applicants may also apply for loans in addition to a grant.

5. For the 2009 biennium, 57 applications from local governments were submitted to the department requesting $33,891,715 in TSEP grant funds for local public facility construction projects.

6. Based on revenue projections from the Governor's Office of Budget and Program Planning (OBPP), the department has estimated that $17,333,653 in interest earnings from the treasure state endowment fund would be available for awarding TSEP grants to local governments to construct public facility projects. This is a net figure, after deducting administrative expenses, $100,000 for emergency projects, and $600,000 for preliminary engineering grants. See Part 4 for more information on the amount of funds that would be available during the 2009 biennium.

7. Based on $17,333,653 being available for grants, 31 projects have been recommended for funding. Three additional projects are recommended for funding contingent upon sufficient TSEP funds being available. See Tables 2 and 3 in Part 5 for more information on the rank order of projects and the amounts recommended. Diagram 2 in Part 5 is a map showing the location of each proposed construction project. See Part 6 for a description, evaluation and recommendation for each application.

8. The review and ranking of TSEP applications is a two-step process. First, the department is required by statute to review and rank TSEP project proposals and prepare a list of recommended projects, based on seven statutory priorities. Secondly, the department is also required by statute to recommend the amount of the grant assistance for each project. The Governor reviews the department's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. See Part 5 for more information about the review and ranking of TSEP applications.

9. The 2005 Legislature appropriated $600,000 to be used by the department to provide matching grants to local governments for preliminary engineering studies. The department awarded 43 matching grants for preliminary engineering studies to local governments with the 2007 biennium funds. The 2005 Legislature also appropriated $100,000 for emergency projects. The department funded four emergency projects to date with the 2007 biennium funds. See Part 2 for more information about the actions that the program has taken since the 2005 Legislature.

10. The only matter being brought before the Sixtieth Legislature is HB 11, which is the funding bill for TSEP. The primary purpose of HB 11 is to appropriate funds for construction projects that are approved by the Legislature. In addition, HB 11 would appropriate funds to be used by the department to award grants for preliminary engineering studies and grants for emergency projects. The bill would also terminate funding for a previously authorized project. Finally, HB 11 would appropriate funds from the treasure state

endowment regional water system fund to provide the state's share for regional water system projects during the biennium. See Part 3 for more information about what is contained in HB 11.

11. The department's research findings indicate that the principal reason why local public facilities are deficient is that most options for correcting deficiencies are simply not considered affordable by local residents. This finding is especially true for most of Montana's communities because these facilities are very expensive to construct, the cost is usually divided among a relatively small number of users, and the community may also need to upgrade other facilities at the same time. An article in the Montana Policy Review published in the Fall of 1992 by Kenneth L. Weaver, director of the Local Government Center at Montana State University, titled "*The Treasure State Endowment Program: A Question of Incentives*," reported that low interest loans may not provide sufficient incentive to communities to take on an expensive infrastructure project that will create user fees that will not be affordable to the users of the system. In summary, the article discussed how most of Montana's communities need significant grants to write down the total cost of projects and that some jurisdictions simply cannot service the long-term debt of a loan at any rate of interest. The TSEP program has been designed to help address this "affordability" problem.

12. Since the inception of the program, almost all TSEP applications had been for matching grants. Even when local governments had asked for or were awarded TSEP loans, the loans were never utilized. Grants have been the preferred type of TSEP funding by local governments for various reasons. The first and most important reason is the affordability issue discussed above, which indicates that grants are needed to make most local projects financially feasible and affordable. Secondly, if a loan is appropriate, there are other state and federal loan programs available with better interest rates and terms for water and wastewater projects. Finally, grant funds are extremely limited. As a result, the TSEP enabling statute was amended by the 2005 Legislature to eliminate loans as a type of TSEP funding, along with annual debt service subsidies and deferred loans for preliminary engineering study costs.

13. During the original legislative discussion of TSEP, legislators stated that applicants should make the maximum effort to pay for local public facility projects with their own resources before they ask the state to subsidize a local project. There was also a strong consensus among the local officials and legislators that participated in the original public hearings on TSEP that communities should participate in the funding of any public facility project in proportion to their financial resources. The challenge is to try to define a reasonable minimum level of local financial effort. In addition, the department needed an equitable way to determine whether an individual TSEP applicant needed a TSEP grant, loan, or a grant/loan combination to make the applicant's project affordable and feasible, while ensuring that the applicant was proposing a reasonable level of local financial effort. In order to ensure that an adequate level of local financial effort is achieved, the department has established "target rates" that applicants are expected to reach before grant funds are recommended for the project. Target rates are based on a percentage of a community's median household income, making target rates unique financial measures for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial capacity of each applicant. See Part 5 for more information on the TSEP financial analysis procedures.

PART 2

ACTIONS TAKEN BY TSEP SINCE THE 2005 LEGISLATURE

Applications Reviewed

The program received 57 applications in 2006: 26 drinking water projects, 19 wastewater projects, one stormwater, one combined water and wastewater project, and 10 bridge projects.

Active Projects Administered

Projects are considered “active” from the time they have been awarded funding by the Legislature until they are substantially complete and "conditionally closed out." During this time period, the program’s staff assists the local government in administering program funds and managing the project. Active projects are conditionally closed out when the project has been completed and accepted by the local government, and the local government has submitted documentation describing what was actually accomplished and expended by each funding source for the project. Once the project is conditionally closed out, the final disbursement of TSEP funds is provided to the local government.

The department started the 2007 biennium with approximately 96 active TSEP projects. There were 74 active projects at the end of FY 2006 and it is estimated that there will be approximately 76 active projects at the beginning of the 2009 biennium, which will include the new projects that will be awarded TSEP funds by the 2007 Legislature. A summary of all previously authorized projects that are still active is presented in Appendix C. Each project summary provides current information about the project, including the sources of funding and its status.

Preliminary Engineering Grants Awarded

The TSEP matching grants for preliminary engineering have proven to be an important resource for smaller communities, counties, and county water and sewer districts to initiate local public facility projects. Of the 57 applications reviewed in 2006, 34 of the local governments received a matching grant to help fund their preliminary engineering study. The department awarded 43 matching grants during the 2007 biennium; 12 of those local governments have not yet completed their preliminary engineering studies. See Appendix D for a listing of the preliminary engineering grants that were awarded by the department during the 2007 biennium.

Emergency Grants Awarded

The 2005 Legislature appropriated $100,000 to be used by the department to award grants to local governments for emergency public facility projects that were too urgent for legislative approval. The department has established a general limit of $30,000 per project. Four emergency projects have been funded to date totaling $90,007:

Powell County - $4,960 was awarded October 31, 2006. A temporary Bailey bridge was installed over Rock Creek on Old Stage Road. The bridge, which had failed, is located about nine miles northwest of Deer Lodge. The project has been completed, but no TSEP funds have been disbursed yet.

Town of Hot Springs - $28,000 was awarded October 13, 2006. The wastewater system’s only lift station failed and the project consisted of replacing pumps and controls, and upgrading safety features. The project is in progress and is expected to be completed by the end of 2006.

Town of Richey - $30,000 was awarded October 3, 2006. The water system’s only storage tank was leaking

severely, and the project consisted of replacing the 140,000 gallon buried concrete tank that was built in 1937. The project is in progress and is expected to be completed by the end of 2006.

Town of Sheridan - $27,047 was awarded October 3, 2006. The wastewater system's main sewer line leaving the town had a break in the top of the 10-inch sewer main where it crosses Mill Creek. The project consisted of replacing the clay-tile sewer pipe between manholes #73 and #74, slipping a protective casing around the sewer pipe at the Mill Creek stream crossing, installing the new pipe about one foot deeper than it currently was situated, and establishing a fish friendly check structure at the pipeline crossing to mitigate the potential adverse impacts from stream erosion on the pipeline. The project has been completed, but no TSEP funds have been disbursed yet.

Revision of the TSEP Application Guidelines

There were various changes to the *TSEP Application Guidelines* adopted in 2005. The most significant changes included:

- The maximum amount of TSEP construction grant funds that can now be requested for a construction project was raised from $500,000 to $750,000, and the maximum amount that can be requested per benefited household was raised from $7,500 to $15,000.
- Preliminary engineering hardship grants were eliminated. All preliminary engineering grant applicants are now required to provide a dollar-for-dollar match.
- The financial analysis methodology used to evaluate bridge projects was modified. The new methodology looks at approximately how much money is available to the county that could be used for bridge projects (an indicator of the overall wealth of the county) and the number of bridges that the county is responsible for maintaining.

PART 3

KEY ISSUES FOR THE 2007 LEGISLATURE

House Bill 11 is the only TSEP-related legislation that is being brought before the Legislature by the Department of Commerce. Passage of HB 11, as it will be introduced, would:

- Appropriate funds from the treasure state endowment fund to award matching grants to local governments for the construction of infrastructure projects,
- Appropriate funds from the treasure state endowment fund to the Department in order to award matching grants to local governments for preliminary engineering,
- Appropriate funds from the treasure state endowment fund to the Department in order to award grants for emergency infrastructure projects,
- Terminate one previously authorized project, and
- Appropriate funds from the treasure state endowment regional water system fund to provide the state's share for regional water system projects during the biennium.

Appropriate Funds from the Treasure State Endowment Fund to Award Matching Grants for the Construction of Infrastructure Projects

The main focus of HB 11 is the appropriation of funds from the treasure state endowment fund to award matching grants to local governments for the construction of infrastructure projects. Based on revenue projections provided by the Governor's Office of Budget and Program Planning, it has been projected that $17,333,653 would be available for construction grants during the 2009 biennium. As a result, 31 projects would be able to be funded. In addition, the next three projects are recommended for funding, contingent upon interest earnings being greater that what was projected.

Appropriate Funds from the Treasure State Endowment Fund to the Department in order to Award Matching Grants for Preliminary Engineering

The department is requesting that $600,000 be appropriated from the treasure state endowment fund to be used by the department to award matching grants for preliminary engineering studies.

Appropriate Funds from the Treasure State Endowment Fund to the Department in order to Award Grants for Emergency Infrastructure Projects

The department is also requesting that $100,000 be appropriated from the fund to be used by the department to award grants for emergency infrastructure projects needed to address critical public health and safety issues that would not be able to wait for legislative approval.

Terminate One Previously Authorized Project

The bill would also terminate one previously authorized project. The department refers previously approved projects back to the Legislature for its consideration as to whether to continue funding the project if the grant recipient:

1. has not commenced or completed its project in a timely manner, or
2. requests a modification that significantly affects the scope of work or budget that would materially alter the intent and circumstances under which the application was originally ranked by the department and approved by the Legislature and the Governor.

The department is referring the Lockwood Water and Sewer District project back to the Legislature in order to terminate funding because the project has not moved forward, and the department does not think that this project will be ready to move forward for some time yet, if ever. The district was awarded a TSEP grant in 2001, in the amount of $500,000, because the community of Lockwood, in Yellowstone County, lacks a centralized wastewater system. Lockwood has a high percentage of drain field failures, and limited or no space for replacement fields. Major elements of the project were to include constructing a sanitary sewer collection system and pumping the effluent across the Yellowstone River to the City of Billings wastewater treatment plant. While the City at one time agreed to accept Lockwood's effluent, the City has more recently decided against accepting it. The alternative would be for Lockwood to build its own wastewater treatment plant. In addition, the district has not been able to pass a bond election that would allow the district to borrow funds for the project. To further compound the problems with moving the project forward, the cost of the proposed project has increased dramatically since originally proposed.

Appropriate Funds From the Treasure State Endowment Regional Water System Fund to Provide the State's Share for Regional Water System Projects During the Biennium

Finally, HB 11 appropriates funds from the treasure state endowment regional water system fund to provide the state's share for regional water system projects during the biennium. There are two federally authorized regional water projects in Montana one of which has moved to the construction phase, Fort Peck - Dry Prairie, and the second has moved to the final design phase, Rocky Boy - North Central. Two additional regional water systems are in the planning stages, the Musselshell Valley Regional Municipal Water Project and the Dry-Redwater Project.

The funds would be appropriated to the Department of Natural Resources and Conservation (DNRC), which manages those funds and the regional water projects. The DNRC has the oversight responsibility for these projects and currently administers both administrative contracts and construction contracts with the state regional water authorities associated with the two federal projects. Contact Ray Beck, Administrator of the Conservation and Resource Development Division, at 444-6671, for more information about the regional water system projects and this appropriation.

PART 4

FUNDS AVAILABLE TO THE 2005 LEGISLATURE

Under 17-5-703, MCA, there is a separate sub-fund called the treasure state endowment fund (the "TSE fund"), established within the coal severance tax trust fund (the "trust") to generate ongoing funding for TSEP projects. As a sub-fund of the trust, the TSE fund principal is afforded the same constitutional protection as the principal in the trust. The Montana constitution states, "The principal of the trust shall forever remain inviolate unless appropriated by a vote of three-fourths of the members of each house of the Legislature."

On July 1, 1993, $10 million was transferred from the trust to the TSE fund, and 50 percent of the coal severance taxes started transferring from the trust to the TSE fund each year for a 20-year period. In 1999, the Legislature increased the percent of the coal severance taxes earmarked for the TSE fund from 50 percent to 75 percent. Beginning on July 1, 2003, the percent of the coal severance taxes earmarked for the TSE fund returned to 50 percent as a result of legislation passed by the 2001 Legislature. The 2001 Legislature also extended the number of years that coal severance taxes transfer from the trust to the TSE fund; the flow of coal severance taxes will terminate in 2016 instead of 2013.

The diagram on the next page illustrates the mechanics of the flow of funds into the trust, and then into the treasure state endowment fund. The interest earnings on the principal of the TSE fund provide the funds for administering the program and for the TSEP grants. Table 1 on page 14 shows the actual deposits into the TSE fund, along with the interest earnings, from FY 1994 to FY 2006.

The Governor's Office of Budget and Program Planning (OBPP) revenue projections indicate that $18,504,828 in TSE fund interest earnings would be available for the 2009 biennium. In addition, the department proposes a beginning fund balance of $635,666, which includes:

- $5,558 from 2005 biennium preliminary engineering grant funds not spent,
- $71,410 from 2005 biennium emergency grant funds not spent,
- $58,698 from 2005 biennium administrative budget not spent, and
- $500,000 recovered from a 2001 TSEP grant recommended to be terminated.

Based on the OBPP revenue projections and the department's estimated beginning fund balance, $17,333,653 would be available for matching construction grants during the 2009 biennium after subtracting out other proposed expenditures of $1,806,841, which includes:

- $1,050,841for TSEP administrative expenses,
- $56,000 for Department of Natural Resources and Conservation administrative expenses,
- $600,000 for TSEP preliminary engineering grants, and
- $100,000 for TSEP emergency grants.

The amount that is ultimately provided for the matching construction grants is subject to change as a result of the actual expenses incurred and actual fund earnings received during the biennium. The fund earnings can change as a result of the actual coal severance taxes received by the state and the rate of interest that the TSE fund earns.

DIAGRAM 1

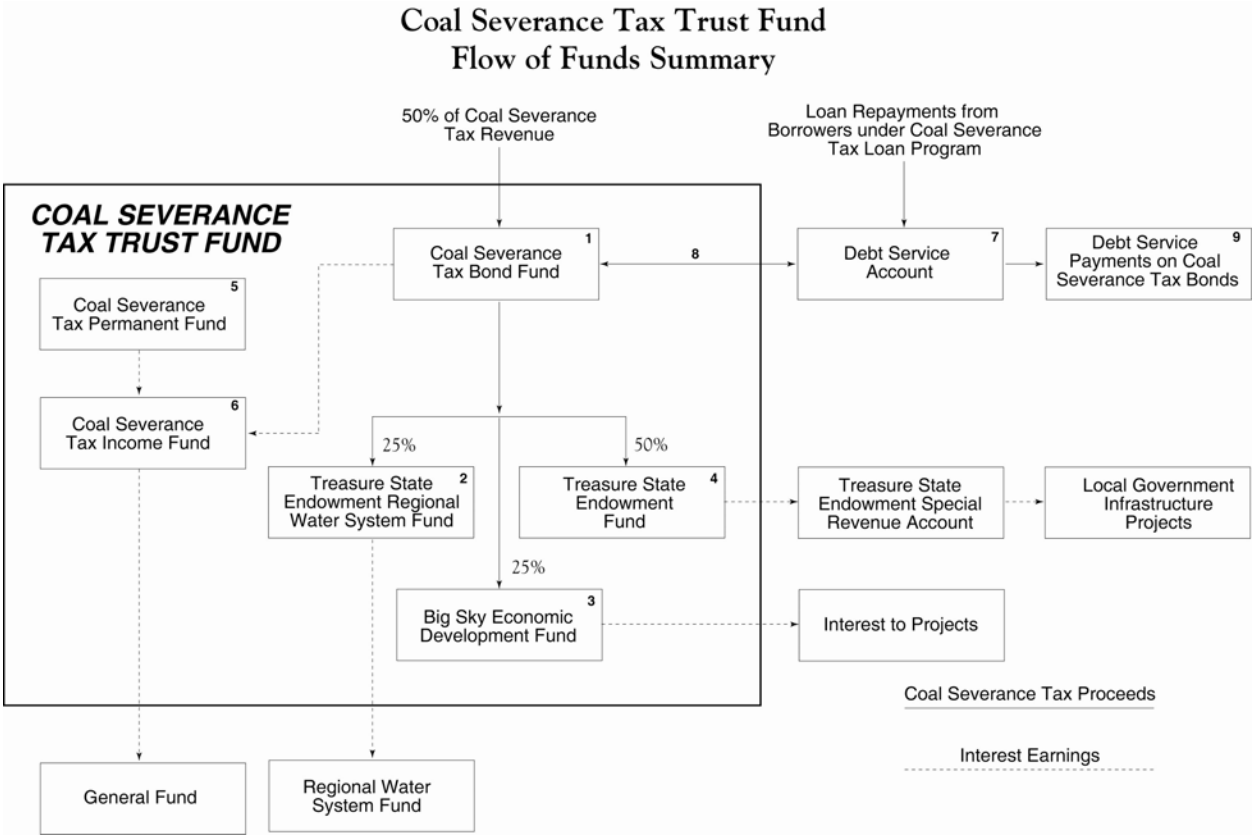
Coal Severance Tax Trust Fund
Flow of Funds Summary
50% of Coal Severance Tax Revenue
Loan Repayments from Borrowers under Coal Severance Tax Loan Program
COAL SEVERANCE TAX TRUST FUND
1
Coal Severance Tax Bond Fund
8
Debt Service Account
7
Debt Service Payments on Coal Severance Tax Bonds
9
Coal Severance Tax Permanent Fund
5
Coal Severance Tax Income Fund
6
25%
50%
Treasure State Endowment Regional Water System Fund
2
Treasure State Endowment Fund
4
Treasure State Endowment Special Revenue Account
Local Government Infrastructure Projects
25%
Big Sky Economic Development Fund
3
Interest to Projects
Coal Severance Tax Proceeds
Interest Earnings
General Fund
Regional Water System Fund

TABLE 1

ACTUAL COAL SEVERANCE TAX DEPOSITS INTO THE TREASURE STATE ENDOWMENT FUND AND ACTUAL INTEREST EARNINGS

Operating Year	Annual Deposits To The TSE Fund (Principal)	Cumulative TSE Fund Principal	Annual Interest Earnings	Cumulative Interest Earnings
Initial Deposit	$10,000,000			
FY '94	$9,809,476	$19,809,476	$928,696	$928,696
FY '95	$9,910,610	$29,720,086	$1,810,151	$2,738,847
FY '96	$8,787,910	$38,507,996	$2,916,499	$5,655,346
FY '97	$9,151,139	$47,659,135	$3,453,907	$9,109,253
FY '98	$8,720,156	$56,379,291	$4,250,377	$13,359,630
FY '99	$8,361,643	$64,740,934	$4,772,585	$18,132,215
FY '00	$12,189,836	$76,930,770	$5,123,375	$23,255,590
FY '01	$10,733,368	$87,664,138	$5,801,525	$29,057,114
FY '02	$11,646,533	$99,310,671	$6,804,840	$35,861,953
FY ‘03	$10,597,412	$109,908,083	$7,175,069	$43,037,023
FY ‘04	$6,651,367	$116,559,450	$8,073,637	$51,110,660
FY ’05	$8,803,360	$125,362,810	$9,733,203	$60,843,863
FY ‘06	$9,393,267	$134,756,077	$7,941,183	$68,785,046

PART 5

TSEP APPLICATION
EVALUATION, RANKING AND RECOMMENDATION PROCESS

Process MDOC Uses to Recommend TSEP Projects for Funding

The process that the department uses to make its funding recommendations is based on the following principles:

1. In compliance with the intent of the statute, the applicants' scores on the seven statutory priorities provide the overall rank order of applicants;

2. The statute also requires the department and the Governor to recommend the amount of the TSEP grant. Applicants with water, wastewater and solid waste projects are only recommended for a grant if their projected user rates at the completion of the project will be at or above the applicant's "target rate." The applicant's target rate is a predetermined benchmark or "target" based on a percentage of the community's median household income; and

3. Projects that appear to have major technical or financial feasibility problems may not be recommended for a grant, or may have conditions placed on the proposed project in order to ensure the department that the concerns will be mitigated.

STEP ONE OF THE PROCESS, RANKING OF PROJECTS BASED ON THE SEVEN STATUTORY PRIORITIES

Based on state statute (90-6-710 (2), MCA), and the precedents established by the department, the Governor, and the Legislature in the past funding cycles, the department uses a two-step process to develop the recommendations provided to the Governor and the Legislature. In the first step, the applications are scored and ranked according to the seven statutory priorities. The seven statutory priorities consider the extent to which the proposed projects:

1. Solve urgent and serious public health or safety problems and enable local governments to meet state or federal health or safety standards;

2. Reflect greater need for financial assistance than other projects;

3. Incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

5. Reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

6. Enable local governments to obtain funds from sources other than TSEP;

7. Provide long-term, full-time job opportunities for Montanans, or provide public facilities necessary for the expansion of a business that has a high potential for financial success, or Maintain or do not discourage expansion of the tax base; and

8. Are high local priorities and have strong community support.

The TSEP applications were analyzed by the department's staff and consulting engineers. The department

contracted with eight engineering firms to review and analyze each of the preliminary engineering reports submitted with the applications. The consulting engineers met as a team, along with the department's TSEP ranking team, to score the first and third statutory priorities for each application. The department's TSEP ranking team scored the remainder of the seven statutory priorities. The ranking team used a consensus approach in applying the scoring criteria to assure consistency and fairness. With the exception of statutory priority #2, the scoring of each statutory priority is scored using five scoring levels with each scoring level being pre-defined. The pre-defined scoring levels for each of the statutory priorities are described at the end of this section.

In order to score statutory priority #2 (financial need), the department analyzes each applicant's relative financial need compared to other like applicants. This financial assessment uses two indicators:

Indicator 1. Economic Condition of Households Analysis - This indicator provides a comparative measure of the ability of the applicant's citizens to pay for public utility services and taxes, and accounts for 40 percent of the score for statutory priority #2. It consists of ranking each applicant in relation to the community's "median household income" (MHI), the percent of persons in the jurisdiction at or below the level designated as "low to moderate income" (LMI), and the percent of persons at or below the level designated as "poverty". MHI is calculated by the U.S. Bureau of the Census as the amount of household income above and below which the household incomes in a jurisdiction are equally distributed. In other words, there are as many households with incomes above MHI as there are below MHI. These three statistics - MHI, LMI and poverty - provide a means of identifying concentrations of population that have relatively less ability to pay for public services.

Each of the three sub-indicators account for one-third of the total score for indicator #1. Being ranked the lowest indicates the most severe household economic conditions and is assigned the highest score. Being ranked 57th indicates that the applicant has the least severe household economic conditions and is assigned the lowest score. The scores for each sub-indicator are added together, with the total number of points possible for indicator #1 based on five scoring levels. The highest scoring level is assigned to the group of applicants with the most severe household economic conditions.

Indicator 2. Financial Analysis - The second indicator accounts for 60 percent of the score for statutory priority #2. The type of analysis used depends on the type of project.

Water, Wastewater, or Solid Waste Projects

For water, wastewater, and solid waste projects, the analysis is based on "target rate analysis." The analysis is used by the department to help determine the amount of grant funds a community needs to ensure that user rates will be reasonably affordable for its citizens. Target rate analysis compares the applicant's projected user rates to predetermined benchmarks or "targets." Target user rates are based on a percentage of the MHI of the community.

Target rate percentages were computed by surveying communities throughout Montana. The average, monthly water, wastewater, and solid waste rates currently paid by the communities surveyed were compared to each of their individual MHI's in order to determine a ratio. These ratios were then averaged and the following target rate percentages were derived: 1.4 percent for water systems, 0.9 percent for wastewater systems, and 0.3 percent for solid waste systems.

The target rate analysis compares the applicant's projected user rate to its target rate. An applicant's target rate was computed by multiplying the community's MHI by the appropriate target rate percentage. For applicant's that have both a water and wastewater system, the combined rates were analyzed using a combined target rate percentage of 2.3 percent. This is done to ensure that the low rates for an applicant's wastewater system did not ignore high rates that are being charged for the water system (or vice versa), thereby understating an applicant's need for financial assistance.

The target rate calculation is completed by multiplying the amount computed by a percentage to provide the applicant with reserves for emergencies. The target rate percentage is computed every 10 years when the census data is revised. At that point the percentage factor used is 90%. In order to compensate for the inability to adjust target rates on a more frequent basis, and to lessen the degree to which target rates increase every ten years because of the new census data, the amount that is multiplied times the community's target percentage is increased by 2% every two years. As a result, 92% was used for the applications in 2006. When new census data is available in 2014 and new target percentages are computed, the department will start all over again by multiplying the target percentage times 90 percent and then again increasing the amount by 2% every two years.

Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for indicator #2 is based on five scoring levels. The highest scoring level is assigned to the group of applicants with the highest projected rates relative to their target rate.

Bridge Projects

The financial analysis of application's proposing a bridge project were analyzed in a different manner, since they are funded through general taxes, as compared to user fees which are used to fund most water, wastewater, or solid waste infrastructure projects. Instead, the financial analysis for bridge applicants is primarily based on two sub-indicators. The first sub-indicator looks at approximately how much money is available to the county that could be used for bridge projects. These funds are used for many other functions of county government besides bridge projects, but overall this analysis provides a general picture of the wealth of the county.

The second sub-indicator looks at the number of bridges that the county is responsible for maintaining. The analysis is completed by dividing the amount of funds available by the number of bridges, which provides the amount of funds available per bridge. Points are assigned based on the ranking of the amount of funds available per bridge for each bridge applicant.

Final Competitive Ranking Score on Statutory Priority #2 - The results from indicators 1 and 2 were added together on a weighted basis to determine an applicant's final score on statutory priority #2.

After each of the statutory priorities has been scored, the projects are arrayed in rank order from the most points to the least amount of points. This information is presented in the following pages in Table 2 – Scoring of the Seven Statutory Priorities and Final Ranking Recommendations for the 2009 Biennium.

<insert> Table 2 – SCORING OF THE TSEP STATUTORY PRIORITIES AND FINAL RANKING RECOMMENDATIONS FOR THE 2009 BIENNIUM

Step Two of the Process – Financial Assistance Analysis

The second step of the process requires the department to make recommendations on the amount of the grant. The department's recommendations on the amount of grant funding for each application is summarized on the next page in Table 3 – Financial Assistance Analysis/Grant Award Recommendations for the 2009 Biennium. Details on the basis for the department's recommendation concerning the amount of funding for each application are found in the individual reports for each project in Part 6. The map on page 22 shows the locations of all of the proposed projects.

Water, Wastewater, or Solid Waste Projects

The amount of the grant award recommendation for water, wastewater and solid waste projects is based on whether the applicant has proposed to have user rates at or above the applicant's target rate. In conducting the analysis, the department used only 92 percent of the target rate as the basis for comparison against actual rates. This provides local governments with a "margin" or "cushion," which can be used to meet emergencies or other facility needs that may be unknown at this time.

It has been the policy of the department, Governor and past Legislatures that TSEP grants should only be awarded for water, wastewater and solid waste projects when the projected user rates would be at or above the applicant's target rate. As a result, one of the projects (#57) was not recommended for a grant, since the rates would still be well below the target rate even without the TSEP grant.

Bridge Projects

The amount of the grant award recommendation for bridge projects is based on the financial analysis for bridge applicants. The analysis looks at the general wealth of the county and the number of bridges that the county is responsible for maintaining. The Department determined that all of the applicants with bridge projects should be awarded the full amount requested.

Conclusion

The process of evaluating and ranking TSEP applications is complex because of the numerous review elements, differences between applicants, and the complexities of the different types of community infrastructure and the financing methods for each. The Department stressed objectivity and fairness in the procedures used to evaluate and score all TSEP applications.

While no system is perfect, the methodology used in the financial analysis of water, wastewater and solid waste projects represents fourteen years of effort to develop a system that analyzes relative financial need and capacity, that is fair and equitable to all applicants. The Department's financial analysis methodology used for water, wastewater and solid waste projects is considered a model nationally and was highlighted at the Council of State Community Development Agencies infrastructure workshop held in Washington D.C. in 1996.

<insert> Table 3 - FINANCIAL ASSISTANCE ANALYSIS/GRANT AWARD RECOMMENDATIONS FOR THE 2009 BIENNIUM

<insert> Diagram 2 – Map of projects

PART 6

TSEP APPLICATION (PROJECT) REPORTS FOR THE 2009 BIENNIUM

Index of Reports

GLOSSARY OF ABBREVIATIONS
USED IN THE TSEP APPLICATION (PROJECT) REPORTS

AASHTO .....American Association of State Highway and Transportation Officials (refers to road and bridge standards)
BIA.....Bureau of Indian Affairs
BLM .....Bureau of Land Management
BOD.....Biochemical oxygen demand (a water quality measurement)
BOR.....Bureau of Reclamation
CDBG .....Community Development Block Grant Program (MDOC)
CEDS .....Comprehensive Economic Development Strategy
CIP .....Capital improvements plan
cfs.....cubic feet per second
DEQ.....Montana Department of Environmental Quality
DNRC .....Montana Department of Natural Resources and Conservation
EDA .....Economic Development Agency (U.S. Department of Commerce)
EDU.....Equivalent Dwelling Unit
EPA .....U.S. Environmental Protection Agency
fps.....feet per second
FEMA .....Federal Emergency Management Administration
FW&P .....Montana Department of Fish, Wildlife and Parks
gal.....gallons
gpd .....gallons per day
gpm .....gallons per minute
GPS.....Global Positioning System
GWUDISW .....Groundwater Under the Direct Influence of Surface Water
HDPE .....High density polyethylene (type of plastic pipe)
HUD.....U.S. Department of Housing and Urban Development
IHS .....Indian Health Services
I&I .....Infiltration and inflow (engineering analysis term)
INTERCAP .....Intermediate Term Capital Program (Board of Investments)
ISO .....Insurance Services Office
LMI .....Low and moderate income
MCL.....Maximum contaminant level (a water quality measurement)
MDOC .....Montana Department of Commerce
MEDA .....Montana Economic Development Association

MDT.....Montana Department of Transportation
mg/l.....Milligrams per liter
MHI.....Median household income
MOA .....Memorandum of understanding
MPDES.....Montana Pollutant Discharge Elimination System
NA .....Not Applicable (typically refers to the fact that an applicant does not have either a water or wastewater system)
NBI .....National Bridge Inspection Coding Guide
NEPA.....National Environmental Protection Act
NF.....National Forest
NPDES.....National Pollutant Discharge Elimination System
O&M .....Operation and maintenance
PER .....Preliminary engineering report
PILT.....Payment in lieu of tax
psi.....pounds per square inch
PVC .....Poly vinyl chloride (type of plastic pipe)
RC&D .....Resource Conservation & Development
RD .....U.S. Department of Agriculture, Rural Development
RID .....Rural Improvement District
RRGL .....Renewable Resource Grant and Loan Program (DNRC)
SRF .....State Revolving Loan Fund (Drinking Water & Water Pollution Control) Programs (DEQ)
STAG.....State and Tribal Assistance Grant (EPA)
TSEP .....Treasure State Endowment Program (MDOC)
TSS .....Total Suspended Solids (a water quality measurement)
USFS.....U.S. Forest Service
UV .....Ultraviolet
WRDA .....Water Resource Development Act

APPENDIX A

TSEP STATUTES

The Treasure State Endowment Program is a state-funded grant program designed to assist communities in financing public facilities projects. The program was authorized by Montana's voters with the passage of Legislative Referendum 110 on June 2, 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA.

90-6-701. Treasure state endowment program created -- definitions. (1) (a) There is a treasure state endowment program that consists of:

(i) the treasure state endowment fund established in 17-5-703;

(ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(b) The treasure state endowment program may borrow from the board of investments to provide additional financial assistance for local government infrastructure projects under this part, provided that no part of the loan may be made from retirement funds.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part and to repay loans from the board of investments.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

(i) drinking water systems;

(ii) wastewater treatment;

(iii) sanitary sewer or storm sewer systems;

(iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring; or

(v) bridges.

(b) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, or a county or multi-county water, sewer, or solid waste district, or an authority as defined in 75-6-304.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1).

(e) "Tribal government" means a federally recognized Indian tribe within the state of Montana.

90-6-702. Purpose. The purpose of the treasure state endowment program is to assist local governments in funding infrastructure projects that will:

(1) create jobs for Montana residents;

(2) promote economic growth in Montana by helping to finance the necessary infrastructure;

(3) encourage local public facility improvements;

(4) create a partnership between the state and local governments to make necessary public projects affordable;

(5) support long-term, stable economic growth in Montana;

(6) protect future generations from undue fiscal burdens caused by financing necessary public works;

(7) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and

(8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

90-6-703. Types of financial assistance available. (1) The legislature shall provide for and make available to local governments the following types of financial assistance under this part:

(a) matching grants for local infrastructure projects;

(b) matching grants for preliminary engineering studies; and

(c) emergency grants for local infrastructure projects.

(2) The department of commerce may provide local governments with emergency grants for infrastructure projects only if necessary to remedy conditions that, if allowed to continue until legislative approval could be obtained, will endanger the public health or safety and expose the applicant to substantial financial risk. The department shall report to the governor and the legislative finance committee regarding emergency grants that are awarded during each biennium.

(3) The department of commerce may provide local governments with matching grants for preliminary engineering studies for infrastructure projects. The department shall report to the governor and the legislature regarding preliminary engineering grants that are awarded during each biennium.

90-6-704 through 90-6-708 reserved.

90-6-709. Agreements with tribal governments. (1) Agreements with tribal governments in Montana entered into under this part must contain, in addition to other appropriate terms and conditions, the following conditions:

(a) a requirement that in the event that a dispute or claim arises under the agreement, state law will govern as to the interpretation and performance of the agreement and that any judicial proceeding concerning the terms of the agreement will be brought in the district court of the first judicial district of the state of Montana;

(b) an express waiver of the tribal government's immunity from suit on any issue specifically arising from the transaction of a loan or grant; and

(c) an express waiver of any right to exhaust tribal remedies signed by the tribal government.

(2) Agreements with tribal governments must be approved by the secretary of the United States department of the interior whenever approval is necessary.

90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The department of commerce must receive proposals for infrastructure projects from local governments. The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. For the projects under 90-6-703(1)(a), the department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (3). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(2) In preparing recommendations under subsection (2), preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

(3) After the review required by subsection (2), the projects must be approved by the legislature.

(4) The department shall adopt rules necessary to implement the treasure state endowment program.

(5) The department shall report to each regular session of the legislature the status of all projects that have not been completed in order for the legislature to review each project's status and determine whether the authorized grant should be withdrawn.

APPENDIX B

SEVEN STATUTORY PRIORITIES, SCORING CRITERIA, AND SCORING LEVEL DEFINITIONS

TSEP Application Scoring System

The TSEP enabling statute requires MDOC to submit a list of recommended projects for TSEP funding, giving preference according to seven priorities, and to recommend the form and amount of financial assistance for each. In order to evaluate applications, each TSEP applicant is required to submit a narrative as part of its application, which describes the relationship of the proposed project to the TSEP statutory priorities. Each application is assigned points based upon the extent to which the proposed project is consistent with each statutory priority, using five possible point levels, as follows:

The Proposed Project Most Closely Meets the Intent of the Statutory Priority	Maximum Possible Points
	Four-Fifths Possible Points
	Three-Fifths Possible Points
	Two-Fifths Possible Points
The Proposed Project Least Closely Meets the Intent of the Statutory Priority	One-fifth Possible Points

The total number of points assigned to each TSEP application is based upon its cumulative response to the seven statutory priorities for TSEP projects.

Statutory Order of Priority for TSEP Projects

A declining numerical score has been assigned to each succeeding priority to reflect its importance. The TSEP statutory priority and the numerical score for each are listed below, in order of priority.

	Maximum Possible Points
Statutory Priority #1 (Urgent or Serious Health or Safety Problems, or Compliance with State or Federal Standards)	1,000 Points
Statutory Priority #2 (Greater Financial Need)	900 Points
Statutory Priority #3 (Appropriate Design and Long-term Solution)	800 Points
Statutory Priority #4 (Planning and Management of Public Facilities)	700 Points
Statutory Priority #5 (Funds from Other Sources)	600 Points

Statutory Priority #6 (Long-term, Full-time Jobs, Business Expansion, or Maintenance of Tax Base)	500 Points
Statutory Priority #7 (Community Support)	400 Points
Total	4,900 Points

The Total Maximum Possible Number of Points = 4,900 Points

TSEP Statutory Priorities and Scoring Criteria

The following lists the seven TSEP statutory priorities, along with the major issues that are considered by MDOC in evaluating each applicant's response.

Statutory Priority #1 **1,000 Possible Points**

Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

a. Does a serious deficiency exist in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply or does the community lack the facility or service entirely, and will the deficiencies be corrected by the proposed project?
b. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards?
c. Is the problem existing, continual, and long-term, as opposed to occasional, sporadic, probable or potential?
d. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency, as opposed to a small percentage of the residents?
e. Is there clear documentation that the current condition of the public facility (or lack of a facility) violates a state or federal health or safety standard (as opposed to a design standard)?
f. Does the standard that is being violated represent a significant threat to public health or safety?
g. Is the proposed TSEP project necessary to comply with a court order or a state or federal agency directive?
h. Are there any reliable and long-term management practices that would reduce the public health or safety problems?
i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #2 **900 Possible Points**

Projects that reflect greater need for financial assistance than other projects.

This priority assesses the applicant's need for financial assistance by examining each applicant's relative financial need compared to other applicants. The financial assessment will determine whether an applicant's need for TSEP assistance is greater than other applicants.

Applicants will be ranked and points awarded, using a computer-assisted financial assessment that makes a comparative analysis of financial indicators. This process is conducted using two competitive ranking indicators that evaluate the relative financial need of each applicant. The analysis

for the first indicator is common to all applicants, while the analysis for the second indicator depends on the type of project. Based on an applicant's relative financial need, an applicant can potentially receive up to 900 points.

Statutory Priority #3 **800 Possible Points**

Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

a. Does the PER provide all of the information as required by the Uniform PER outline, and did the analysis address the entire system in order to identify all potential deficiencies?
b. Does the proposed project completely resolve all of the deficiencies identified in the PER? If not, does the proposed project represent a complete component of a long-term master plan for the facility or system, and what deficiencies will remain upon completion of the proposed project?
c. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems.
d. Were all reasonable alternatives thoroughly considered, and does the technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?
e. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?
f. Are all projected costs and the proposed implementation schedule reasonable and well supported? Are there any apparent technical problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
g. Have the potential environmental problems been adequately assessed? Are there any apparent environmental problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
h. For projects involving community drinking water system improvements, has the conversion to a water metering system for individual services been thoroughly analyzed and has the applicant decided to install meters? In those cases where individual service connection meters are not proposed, has the applicant's PER thoroughly analyzed the conversion to a water metering system and persuasively demonstrated that the use of meters is not feasible, appropriate, or cost effective?
i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #4 **700 Possible Points**

Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

a. Have there been substantial past efforts to deal with public facilities problems through a long-term commitment to capital improvement planning and budgeting, and if necessary, by raising taxes, hook-up charges, user charges or fee schedules to the maximum reasonable extent?
b. Have reasonable operation and maintenance budgets and practices been maintained over the long-term, including adequate reserves for repair and replacement?
c. If there are indications that the problem is not of recent origin, or has developed because of

inadequate operation and maintenance practices in the past, has the applicant thoroughly explained the circumstances and described the actions that management will take in the future to assure that the problem will not reoccur?

d. Has the applicant demonstrated a long-term commitment to community planning in order to provide public facilities and services that are adequate and cost effective?
e. For projects involving drinking water system improvements, has the applicant installed individual service connection meters to encourage conservation and a more equitable assignment of user costs, and has the applicant adopted and implemented a wellhead protection plan for ground water.
f. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, or any other development-related plan) adopted by the applicant?
g. In cases where the applicant has received state or federal grants or loans for public facility improvements, did the applicant adequately perform its project management responsibilities as required by the funding programs?
h. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #5 **600 Possible Points**

Projects that enable local governments to obtain funds from sources other than TSEP.

a. Has the applicant made serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate public or private sources, to finance or assist in financing the proposed project?
b. How viable is the proposed funding package
c. Is TSEP's participation in the proposed project essential to obtaining funds from sources other than TSEP?
d. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #6 **500 Possible Points**

Projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or encourage expansion of the tax base.

a. Will the proposed TSEP project directly result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans?
b. Will the proposed TSEP project directly result in a business expansion? Is the business expansion dependent upon the proposed project in order to proceed?
c. Has the applicant provided a business plan for the specific firm(s) to be expanded as a result of the proposed TSEP project? If yes, is it a realistic, well-reasoned business expansion proposal and does it clearly demonstrate that the firm to be assisted by the proposed public facilities has a high potential for financial success if TSEP funds are received?
d. Will the proposed TSEP project maintain or encourage expansion of the private property tax base?
e. In situations where a private sector alternative could be reasonably appropriate and capable of providing a long-term, cost-effective solution, did the applicant seriously evaluate the option of utilizing the private sector to resolve the identified public facility problem?
f. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #7 **400 Possible Points**

Projects that are high local priorities and have strong community support.

a. Has the applicant encouraged active citizen participation, including at least one public hearing or meeting held not more than 12 months prior to the date of the application, to discuss the proposed TSEP project with the affected community residents?
b. Has the applicant informed local citizens and affected property owners of the estimated cost per household of any anticipated increases in taxes, special assessments, or user charges that would result from the proposed project?
c. Has the applicant assessed its public facility needs, established priorities for dealing with those needs through an officially adopted capital improvements plan (or other comparable plan), and is the proposed TSEP project a high priority of that plan?
d. Are the local citizens and affected property owners in support of the project?
e. Is there any other pertinent information that might influence the scoring of this statutory priority?

Scoring Level Definitions

Note: There are numerous variables involved in scoring each of the seven statutory priorities. As a result, the point level ultimately assigned may have been higher or lower than what the scoring level definitions would typically suggest.

Statutory Priority #1 - Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

The scoring level assigned for projects with multiple phases that plan to pursue additional TSEP/CDBG funds for later phases were based on the phase of the proposed project for which TSEP funds are being requested and the specific deficiencies that would be resolved. If the applicant did not clearly defined what will be accomplished in the proposed project, for which TSEP funds are being requested, and which deficiencies would be resolved, the scoring level may have been reduced.

Level 1 The Applicant did not demonstrate that it has a deficiency in its *(type)* system that could seriously affect the public's health and safety.

- ❑ Typically, this level is assigned when the applicant does not submit the required preliminary engineering information that would allow the TSEP staff to adequately evaluate the needs of the system.
- ❑ This level may also be assigned when the applicant was unable to document a serious or credible threat to public health and safety or the environment. The claimed deficiency may be related to routine operations and maintenance issues.

Level 2 The applicant sufficiently documented deficiencies in the *(type)* system that could potentially affect the public's health and safety at some point in the future if the deficiencies are not corrected. However, the problems have not been documented to have occurred yet and the deficiencies are not considered to be a serious threat to public health or safety.

- ❑ This level may also be assigned if the applicant has not adequately shown that the deficiencies, which would otherwise be scored at a higher level, would be resolved.

Level 3 The Applicant sufficiently demonstrated that serious consequences (such as illness, disease, injury, or environmental pollution) attributable to the deficiencies in the *(type)* system are likely to occur in the long-term if the deficiency is not corrected. These serious problems

have a high probability of occurrence after chronic exposure and some reasonable probability of occurrence in the near-term as a result of incidental, short-term or casual contact. The applicant has adequately documented the deficiency and potential impact on the public's health and safety.

Level 4 The Applicant sufficiently demonstrated that serious consequences (such as illness, disease, injury, or environmental pollution) clearly attributable to the deficiencies in the *(type)* system are likely to occur in the near term. There is a high probability of significantly serious consequences after chronic exposure (exposure over many years). The applicant adequately documented the deficiency and potential impact on the public's health and safety.

Level 5 The Applicant sufficiently demonstrated that serious consequences (such as illness, disease, injury, or environmental pollution) clearly attributable to the deficiencies in the *(type)* system have occurred or are imminent. The applicant clearly documented the deficiency and impact on the public's health and safety.

Statutory Priority #2 – Projects that reflect greater need for financial assistance than other projects.

This priority will be automatically scored using a computer analysis that is based on predetermined parameters. However for some types of projects, such as bridge projects, that are not analyzed using the automated target rate analysis, the point level scores for the second financial indicator will be manually inserted into the automated analysis. In addition, the computer assigned score may be manually increased if the applicant adequately documents that dramatic economic or demographic changes have occurred since the 2000 census.

Statutory Priority #3 - Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

Level 1 The Applicant did not demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The application did not provide sufficient information to properly review the proposed project. Either the preliminary engineering report was not submitted with the application, or if it was submitted, did not address numerous critical issues needed to evaluate the project proposed by the Applicant.

Level 2 The Applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the Applicant.

Level 3 The Applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.

Level 4 The Applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious

questions regarding the appropriateness of the solution selected by the Applicant.

Level 5 The Applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Statutory Priority #4 - Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

Level 1 The applicant did not demonstrate that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, or to resolve its infrastructure problems with local resources.

- ❑ Typically, this level is assigned if the current condition of the system is attributable to grossly inadequate operation and maintenance budgets and poor maintenance practices, and, as a result, has not maintained the system in proper working condition. In addition, the applicant has not adequately taken advantage of other measures that could have improved the situation of the system.

Level 2 The applicant did not adequately demonstrate that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ Typically, this level is assigned if the applicant appears to have inadequate operation and maintenance budgets and practices that do not appear to be reasonable, which have contributed to the deficiencies that will be resolved by the proposed project. In addition, the applicant has not adequately described how it will ensure that these practices will not be continued.
- ❑ Typically, this level is assigned if the applicant has reasonable operation and maintenance budgets and practices, but has not documented that it has taken advantage of the various types of planning tools available, such as a capital improvements plan, or the proposed project does not appear to be consistent with the goals and objectives of adopted plans.
- ❑ Typically, this level is assigned if the applicant recently formed as a County Water and Sewer District to take over the operation of an existing private system.

Level 3 The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

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- ❑ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally attempted to maintain the system in proper working condition.
- ❑ This level may also be assigned if the applicant appears to have inadequate operation and maintenance budgets and practices, but has clearly described how it will ensure that these practices will not be continued. This would especially apply in situations when County Water and Sewer Districts have been formed to take over the operation of a system operated by a county through an RSID. However, the applicant must clearly

demonstrate that the problems are not likely to reoccur.

- ❑ Typically, this level is assigned when the applicant has reasonable operation and maintenance budgets and practices, but has documented that it has only recently started to utilize some of the various types of planning tools available, such as a capital improvements plan, and the proposed project promotes the goals and objectives of those plans.

Level 4 The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
- ❑ Typically, this level is assigned when the applicant has documented that it also utilized one or more of the various types of planning tools available, such as a capital improvements plan (CIP), for more than two years, the CIP is actively used and updated regularly, and the proposed project promotes the goals and objectives of those plans.

Level 5 The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
- ❑ Typically, this level is assigned when the applicant has documented that it also utilizes multiple forms of the various types of planning tools available, such as a capital improvements plan (CIP), for many years, the CIP is actively used and updated regularly, and the proposed project promotes the goals and objectives of those plans.

Statutory Priority #5 - Projects that enable local governments to obtain funds from sources other than TSEP.

Important Notes

Due to the uncertainty of being able to pass a bond election or create a SID/RID, the scoring level for this priority may have been reduced for any local government that is required to have a bond election or create a SID/RID and it has not yet taken place. The scoring level was less likely to be reduced if the local government provided reasonable documentation that it will likely be able to pass the bond election or create the SID/RID.

An applicant was not scored down if it chose not to include a particular source of funding as part of the financial package, as long as it was adequately discussed and there is reasonable justification for not pursuing the funds.

Level 1 The applicant did not demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The funding package for the proposed project does not appear to be reasonable or viable, since there are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant does not submit the required financial information that would allow the TSEP staff to adequately evaluate the funding package.

- ❑ This level is also assigned if the funding package does not appear to be viable and it is unclear how the project could move forward.

Level 2 — The applicant did not adequately demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant's efforts to examine appropriate funding sources was grossly inadequate, and/or the funding package for the proposed project appears to have numerous potential problems that could affect its viability.

Level 3 — The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant appears to have a potentially viable funding package, but has not thoroughly examined all of the appropriate funding sources.

Level 4 — The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant has documented that it has thoroughly examined all of the appropriate funding sources, and appears to have a viable funding package.

Level 5 — The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

- ❑ Typically, this level is assigned when the applicant has documented that it has thoroughly examined all of the appropriate funding sources, appears to have a potentially viable funding package, and it appears that the TSEP funds are vital to the proposed project moving forward. TSEP funding might be considered critical to the project if there are no other reasonable grants or loan sources available to help finance the project. Loans

would be considered a reasonable alternative if projected user rates without TSEP funds would still be less than 150% of the target rate.

Statutory Priority #6 - Projects that provide long-term, full-time job opportunities for Montanans, or that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or that encourage expansion of the tax base.

Level 1 The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- Typically, this level is assigned when only residential areas are affected and there is no reasonable potential for economic development other than home-based businesses that do not require the improvements to be made in order to continue to operate or to start-up. (If the improvements are required in order for home-based businesses to continue to operate or to start-up, they must be permitted uses within the residential development. Applicants must clearly demonstrate the necessity for the improvements. These situations will be scored at one of the higher levels based on the specifics of the situation.)

Level 2 The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities (*or* provide the infrastructure needed for housing that is necessary for an expanding workforce related to a specific business development). However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the *(type)* system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- Typically, this level is assigned when both residential and commercial areas would be indirectly benefited, because the project would not directly benefit any specific businesses or directly result in the retention or creation of new jobs.

Level 3 The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not adequately document that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the *(type)* system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

- Typically, this level is assigned when the proposed project appears to directly benefit specific businesses, but it has not been adequately demonstrated through documentation that business expansion or the retention or creation of new jobs will result from the infrastructure improvements or that they are dependent upon the infrastructure improvements.

Level 4 The applicant strongly demonstrated that the proposed project is necessary for economic development. The proposed project would provide the infrastructure necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant cited a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a specific business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the *(type)* system. The proposed project would add to the tax base if the business expansion occurs.

- ❑ Typically, this level is assigned when the project would directly benefit specific businesses and would likely result in the retention or creation of new jobs with reasonable certainty, and the business expansion or new jobs are clearly dependent upon the proposed project. The applicant must reasonably demonstrate through documentation that jobs will be created or retained, or that a business expansion will take place as a result of the infrastructure improvements.

Level 5 The applicant conclusively demonstrated that the proposed project is necessary for economic development. The proposed project is necessary to provide the infrastructure necessary for businesses that have a high potential for financial success and that would provide long-term, full-time job opportunities for Montanans. The applicant provided business plans describing the expansion of a business(es) and provided documentation supporting the probable creation or retention of long-term, full-time jobs. The business plan persuasively demonstrated the viability of the business proposal and verified that the proposed project would be necessary for the expansion of the business to proceed. The proposed project would very likely add to the tax base.

- ❑ Typically, this level is assigned when the project would unquestionably directly benefit specific businesses, would definitely result in the creation of new jobs or is essential to the retention of existing jobs, the business expansion or jobs are clearly dependent upon the proposed project, and the viability of the business proposal has been clearly demonstrated.

Statutory Priority #7 - Projects that are high local priorities and have strong community support.

Level 1 The applicant did not demonstrate that the proposed project is a high priority or has the support of the community. The applicant's efforts to inform the public about the project were grossly inadequate.

- ❑ Typically, this level is assigned to an applicant that has not documented that it held a public meeting within the 12 months prior to submitting the application, or take other actions to inform the public about the project.
- ❑ This level may also be assigned if it appears that there is essentially no public support for the project. This may be demonstrated by a high percent of the applicant's constituency being against the project, or when the public has clearly stated that the proposed user rates would not be acceptable.

Level 2 The applicant did not adequately demonstrate that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting (*or* the public was reasonably informed about the proposed project in a timely manner), but did not inform the community about the cost of the project and the impact on user rates.

- ❑ Typically, this level is assigned to applicants that held a meeting about the proposed project, but did not adequately document that it informed the public about the estimated costs of the proposed project and the impact per household.
- ❑ This level may be assigned to an applicant even though there was no public meeting if there is sufficient documentation indicating that the public has been informed to a reasonable extent about the proposed project.
- ❑ This level may also be assigned if it appears that there is limited public support for the project; numerous people are against the project and could potentially cause the project to not move forward.

Level 3 The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

- ❑ Typically, this level is assigned to an applicant that has documented that it held at least one public meeting to inform the public about the proposed project and its estimated cost and the impact per household.
- ❑ Applicants may be assigned this or a higher level if there is sufficient documentation showing that the applicant held at least one meeting and there is a reasonable indication that the applicant provided information about the cost of the proposed project to the public. (This same note also applies to Levels 4 and 5.)

Level 4 The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

- ❑ Typically, this level is assigned to an applicant that has documented that it held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household, and has taken additional actions to prioritize its needs and inform the public.

Level 5 The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

- ❑ Typically, this level is assigned to applicants that has documented that it held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household. The applicant has taken a variety of actions to prioritize its needs and ensure the public is well informed about the project. <u>This level is only assigned when the applicant has demonstrated that the proposed project is clearly and strongly supported by the community</u>.

APPENDIX C

STATUS OF UNCOMPLETED TSEP PROJECTS THAT WERE PREVIOUSLY APPROPRIATED FUNDING

A complete list of projects that have been awarded TSEP funds since 1993, including projects that have been completed, can be found at the program's Internet site http://comdev.mt.gov/CDD_TSEP.asp.

(Note: Reader may need to refer to glossary of abbreviations on pages 25 and 26)

Projects Approved by the 1993 Legislature

Twenty-four projects were funded with TSEP grants totaling $4,134,458. All of the projects have been completed and closed-out.

Projects Approved by the 1995 Legislature

Fifteen projects were funded with TSEP grants totaling $4,991,029. All but one of the projects have been completed and closed-out.

NAME OF RECIPIENT	**East Glacier Park Water and Sewage District (Glacier County)**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant/Blackfeet Tribe
	$ 500,000	TSEP Grant/Browning
	$ 306,555	TSEP Grant/E. Glacier
	$ 500,000	CDBG Grant/Browning
	$ 800,000	Indian CDBG Grant
	$ 500,000	EDA Grant
	$ 720,000	EPA Grant
	$ 1,500,000	Tribal Housing
	$ 800,000	Indian Health Services
	$ 100,000	RD Grant
	$ 6,279,234	RD Loan
TOTAL	$12,505,789	

PROJECT SUMMARY: The district provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source. The district is under a DEQ boil order and is required to install water treatment facilities by 1996. The project, as originally proposed, was to include the construction of a surface water treatment plant. The scope of the project has been modified, whereby the district and the Town of Browning would receive water from a new water treatment plant being constructed by the Blackfeet Tribe. The funding for this treatment plant and transmission mains include the funds provided to East Glacier.

PROJECT STATUS: The contract has been signed, but none of the other start-up conditions have been met. The Tribe has obtained funding commitments from all of the proposed sources of funding. Construction of the intake and the transmission main to East Glacier are completed. The treatment plant is being designed and will be constructed with TSEP and RD funds. TSEP will participate in the construction of the transmission main to Browning.

Projects Approved by the 1997 Legislature

Twenty-two projects were funded with TSEP grants totaling $9,052,735. All of the projects have been completed and closed-out.

Projects Approved by the 1999 Legislature

Twenty-eight projects were funded with TSEP grants totaling $12.3 million. All but one of the projects have been completed and closed-out.

NAME 0F RECIPIENT	**Willow Creek Sewer District (Gallatin County)**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 283,000	RD Grant
	$ 250,400	RD Loan
	$ 5,000	Local Funds
TOTAL	$1,038,000	

PROJECT SUMMARY: The district's wastewater system had the following deficiencies: the treatment system had outgrown the capacity of its treatment system and was frequently overloaded, raw or partially treated wastewater was discharged from the plant resulting in a built up of sludge in a drainage ditch that lead from the treatment plant to the Jefferson River. *Major elements of the project include constructing a lagoon treatment system.*

PROJECT STATUS: Under construction. A bonding company had to take over the project in order to get it completed.

Projects Approved by the 2001 Legislature

Thirty-Eight applications requesting $16.77 million in TSEP funds were submitted for the 2003 biennium. The 2001 Legislature approved $13.67 million in TSEP grant funds for 32 projects. The other projects that are not listed have been completed.

NAME 0F RECIPIENT	**Blackfeet Tribe and Browning, Town of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant/Blackfeet Tribe
	$ 500,000	TSEP Grant/Browning
	$ 306,555	TSEP Grant/E. Glacier
	$ 500,000	CDBG Grant/Browning
	$ 800,000	Indian CDBG Grant
	$ 500,000	EDA Grant
	$ 720,000	EPA Grant
	$ 1,500,000	Tribal Housing
	$ 800,000	Indian Health Services
	$ 100,000	RD Grant
	$ 6,279,234	RD Loan
TOTAL	$12,505,789	

PROJECT SUMMARY: Browning water system has the following deficiencies: limited ground water supply, and high iron and manganese content. East Glacier provides drinking water to approximately 400 people in

Glacier County from an unfiltered surface water source, is under a DEQ boil order, and is required to install water treatment facilities. The Blackfeet Tribe joined with these two communities to resolve their problems by providing water to them. *Major elements of the project include constructing a treatment plant on Lower Two Medicine Lake, storage, and transmission lines to East Glacier and Browning.*

PROJECT STATUS: The scope of the project has been modified, whereby the district and the Town of Browning would receive water from a new water treatment plant being constructed by the Blackfeet Tribe. The funding for this treatment plant and transmission mains include the funds provided to East Glacier. The contract and interlocal agreement have been signed but none of the other start-up conditions have been met. The Tribe has obtained funding commitments from all of the proposed sources of funding. Construction of the intake and the transmission main to East Glacier are completed. The treatment plant is being designed and will be constructed with TSEP and RD funds. TSEP will participate in the construction of the transmission main to Browning.

NAME 0F RECIPIENT	**Essex Water and Sewer District (Flathead County)**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 225,000	TSEP Grant
	$ 50,000	RRGL Grant
	$ 165,000	EDA Loan
	$ 307,697	RD Grant
	$ 14,595	RD Loan
	$ 15,000	Unknown (the TSEP amount awarded was reduced by $15,000 from the original amount requested)
	$ 50,000	Local Funds
TOTAL	$ 827,292	

PROJECT SUMMARY: The district's water system has the following deficiencies: inadequate screening at the intake allows forest debris and mud to enter the system during periods of high run-off, the chlorination facility is sub-standard in terms of ventilation and chlorine segregation, sustained power outages occur frequently, rendering pumping facilities associated with other area water systems inoperable, small diameter distribution mains are buried two feet or less in the ground and freeze frequently in areas where the snow cover is removed for vehicle access, large portion of the transmission main is laid on top of the ground or is covered by two feet or less of forest duff, the cast iron transmission main is deteriorating, and an elevated 40,000-gallon storage tank is aging. Major elements of the project originally included constructing a deep well in a known productive aquifer, constructing chlorination facilities, replacing the distribution system in public right of way with four-inch PVC pipe, connecting all existing services, and constructing a 30,000-gallon storage tank. However, the District did not move forward with the project and the department recommended to the 2005 Legislature that the TSEP grant for this project be terminated. However, because DEQ has major issues with the current water supply and the district agree to move forward with a smaller project, the Legislature reduced the TSEP amount to $100,000 and reduced the scope to just constructing a new well.

PROJECT STATUS: Contract has been signed, but no other start-up conditions have been met. In design, and may potentially be drilled by the end of 2006.

NAME 0F RECIPIENT	**Lambert County Water and Sewer District (Richland County)**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 242,450	CDBG Grant
	$ 100,000	RRGL Grant
	$ 36,000	SRF Loan
	$ 25,000	Local Funds
TOTAL	$ 770,000	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: high levels of fluoride, water source fails to meet DEQ requirements regarding source capacity and number of sources, and breakage's in water service connections have allowed coliform bacteria to infiltrate the water system. *Major elements of the project include constructing a new reverse osmosis water treatment facility, drilling a new well, installing water meters, and replacing water service connections.*

PROJECT STATUS: Construction has been completed, with the exception of water meters.

NAME 0F RECIPIENT	**Lockwood Water and Sewer District (Yellowstone County)**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$3,801,000	EPA Grant
	$ 100,000	RRGL Grant
	$4,236,453	RD Loan
	$ 51,000	Local Funds
TOTAL	$8,688,453	

PROJECT SUMMARY: The district lacks a centralized wastewater system wastewater system and the following problems: there is a high percentage of drain field failures and limited or no space for replacement fields, with a high potential for groundwater contamination. *Major elements of the project include constructing a sanitary sewer collection system for the district. Wastewater would be pumped across the Yellowstone River for treatment and disposal at the City of Billings Wastewater Treatment Plant. The first phase would include construction of the trunk main from the wastewater treatment plant, boring under the Yellowstone River, and extending approximately two miles to Johnson Lane. This would also involve constructing two pumping stations.*

PROJECT STATUS: Contract has been signed, but no other start-up conditions have been met. The district has held three unsuccessful bond elections to date. The 2005 Legislature modified the statute related to bond elections, which may make it easier for the district to be able to pass a bond election, but the district has not held a bond election since the modification. In 2006, the City of Billings decided not to allow the district to connect to its wastewater treatment plant. As a result, the district would either have to build its own treatment plant or convince the City to change its decision. The department recommends termination of the grant by the 2007 legislature. The district could reapply for funding when ready to proceed, and in the process would likely be eligible for a larger grant.

NAME 0F RECIPIENT	**Manhattan, Town of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 500,000	CDBG Grant
	$ 100,000	RRGL Loan
	$ 779,949	SRF Loan (Phase 1)
	$ 843,369	SRF Loan (Phase 2)
	$ 2,750	Local Funds
TOTAL	$2,726,068	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: high groundwater, deteriorated collection lines, gaps in joints of vitrified clay pipes, severe root intrusions in the older collection lines, deteriorated manholes, abandoned flush tanks in collection lines that prevent pipe maintenance, high maintenance requirements associated with repeated line back ups and basement flooding, BOD and fecal coliform violations, excessive seasonal leakage out of treatment cells, inadequate sewage treatment due to hydraulic overloading, inadequate sewage treatment resulting from overloading of the design BOD and TSS, and elevated nitrates in the shallow aquifer in the vicinity of the lagoon. *The project consists of two phases. Phase I will be completed with funding from an SRF loan and will ready the project for Phase II improvements. Phase I improvements include replacing deteriorated collection lines and manholes, removing and disposing of*

sludge from the lagoons, and land acquisition for waster treatment expansion. Major elements of the Phase II project, when TSEP funds would be used, include lining and modifying the existing lagoons into aerated facultative lagoons, and constructing storage and spray irrigation system.

PROJECT STATUS: The first phase is completed and the second phase is under construction.

Projects Approved by the 2003 Legislature

Fifty-five applications requesting $21,902,149 in TSEP funds were submitted for the 2005 biennium. The 2003 Legislature approved $15,653,331 in TSEP grant funds for forty projects. The other projects that are not listed have been completed.

NAME 0F RECIPIENT	**Beaverhead County District (Wisdom)**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 500,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 74,700	RD Grant
	$ 91,300	RD Loan
TOTAL	$1,266,000	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: an undersized treatment facility, discharge of untreated wastewater, and leaking lagoon cells that potentially will contaminate the groundwater. *Major elements of the project include: rehabilitating and lining two existing cells, constructing one additional lined treatment/storage pond, and installing an irrigation system for land discharge.*

PROJECT STATUS: Construction is nearing completion.

NAME 0F RECIPIENT	**Missoula, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$1,013,267	Local Funds
	$4,202,000	SRF
	$ 181,000	RD Loan
TOTAL	$5,825,267	

PROJECT SUMMARY: The Rattlesnake Valley area of the City of Missoula has the following problems: the area has a significant number of on-site wastewater treatment systems that are inadequate and/or that have failed, and are polluting the city's sole source aquifer and causing high nutrient loading of the Clark Fork River. *The project would consist of constructing collector lines that would be connected to the city's wastewater system.*

PROJECT STATUS: The contract has been signed, but lawsuits have delayed the commitment of a STAG grant that was obtained for the project; therefore, TSEP funds cannot be committed until the STAG funds are released.

NAME 0F RECIPIENT	**Pablo – Lake County Water and Sewer District**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 500,000	CDBG Grant
	$ 100,000	RRGL Grant
	$1,040,282	RD Grant

	$1,040,282	RD Loan
TOTAL	$3,180,564	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: an undersized treatment system, and a directive from the Confederated Salish and Kootenai Tribes to eliminate the use of rapid infiltration cells if the system is expanded. *Major elements of the project include: the abandoning the rapid infiltration cells, constructing three new storage cells and a spray irrigation pumping facility, and expanding the spray irrigation system.*

PROJECT STATUS: Design complete and expecting to go to bid early in 2007.

NAME 0F RECIPIENT	**Ramsay County District**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 255,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 164,000	RD Loan
TOTAL	$ 519,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: wells with no wellhead protection located in close proximity to potential source of pollution, low water pressure, lack of continuous disinfection, inadequate storage and inoperable valves and hydrants. *Major elements of the project include: replacing undersized mains, installing five new hydrants and valves, drilling two new wells away from contamination, and installing meters.*

PROJECT STATUS: In design, but has not completed start-up conditions.

NAME 0F RECIPIENT	**Richland County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 351,625	TSEP Grant
	$ 351,625	Local Funds
TOTAL	$ 703,250	

PROJECT SUMMARY: The county has four bridges (West Finnicum Bridge, East Palmer Bridge, Vournas Bridge and East Carlson Bridge) with a variety of deficiencies. *The project consists of replacing all four bridges.*

PROJECT STATUS: The West Finnicum Bridge was completed the summer of 2004. The East Carlson Bridge is waiting for good weather to begin construction while the East Palmer will be built by the county and is waiting for the bridge to be delivered. The Vournas Bridge will be bid out for construction in 2007.

NAME 0F RECIPIENT	**Ryegate, Town of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 478,700	TSEP Grant
	$ 190,000	BOR Grant
	$ 100,000	RRGL Grant
	$ 278,800	RD Loan
TOTAL	$1,047,500	

PROJECT SUMMARY: The town's water system has the following deficiencies: the water source is designated GWUDISW, fecal coliform bacteria has been detected, the infiltration gallery capacity has decreased, and there is inadequate storage to meet fire protection requirements. *Major elements of the project include: drilling two to three new wells, replacing cast iron pipe with PVC pipe, installing 10 new fire hydrants, conducting a structural inspection of the storage tank and metering service connections.*

PROJECT STATUS: The scope of the project was modified because the new wells could not provide adequate water. The town modified the infiltration gallery and installed meters. The water from the infiltration gallery is being analyzed to determine what treatment is required.

NAME 0F RECIPIENT	**Sheaver's Creek District**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 39,000	RD Loan
	$ 327,250	RD Loan
	$ 981,750	RD Grant
TOTAL	$1,948,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: fluoride levels exceeding EPA maximum contaminant level, possible spring under the influence of surface water, unburied transmission line, storage tank with no cover, undersized distribution mains, leaking distribution lines, inadequate storage, no fire service or hydrants, pressures below 20 psi, and no easements for repair. *The major components of the project include: Drilling three new wells, installing approximately 19,000 feet of mains, installing approximately 118 new services and meters, constructing a 140,000-gallon storage tank, and installing approximately 30 fire hydrants. TSEP funds will be used to pay for the drilling of one new well, constructing the storage tank, and installing the fire hydrants.*

PROJECT STATUS: The first phase is under construction. The second phase, which is funded by TSEP, is in final design.

NAME 0F RECIPIENT	**Sheridan County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 210,775	TSEP Grant
	$ 210,775	Local Funds
TOTAL	$ 421,550	

PROJECT SUMMARY: The county has eight bridges (Rovig Bridge, East Twin Bridge, Dale Drawbond Bridge, Eagle Creek Bridge, Don Johnson Bridge, East and West Orvis Nelson Bridges, and North Dagmar Bridge) with a variety of deficiencies. *The project consists of replacing all eight bridges.*

PROJECT STATUS: Construction is complete on the East & West Orvis Nelson Bridges, North Dagmar, and Don Johnson. Work on the remaining bridges cannot start until spring 2007 due to extreme weather conditions.

NAME 0F RECIPIENT	**Stanford, Town of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 192,000	RD Grant
	$1,144,900	RD Loan
TOTAL	$1,764,100	

PROJECT SUMMARY: The town's water system has the following deficiencies: supply cannot meet average daily demand, water quality is poor, inadequate pressure, and 29 fire hydrants are 74 years old with inadequate size, leakage and some are inoperable. *Major elements of the project include: drilling two new wells, rehabilitating existing wells, constructing a 316,000-gallon storage tank and 3200 feet of distribution lines, and replacing 29 fire hydrants.*

PROJECT STATUS: Under construction and is expected to be completed in 2007.

NAME 0F RECIPIENT	**Sweet Grass County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 235,954	TSEP Grant
	$ 184,254	Local Funds
	$ 51,700	In-Kind
TOTAL	$ 471,908	

PROJECT SUMMARY: The county has three bridges (Big Timber Creek Bridge, Bridger Creek Road Bridge Stock Pass Crossing and Bridger Creek Road Bridge) with a variety of deficiencies. *The project consists of replacing all three bridges.*

PROJECT STATUS: Under construction and expected to be completed in spring 2007.

NAME 0F RECIPIENT	**Troy, City of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 400,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 400,000	RD Grant
	$ 630,800	RD Loan
TOTAL	$2,030,800	

PROJECT SUMMARY: The city's water system has the following deficiencies: leakage causing loss of nearly half of the supply, inadequate storage, lack of metering, and contamination from a shallow well. *Major elements of the project include: drilling a new well, adding a disinfection system replacing 2,000 feet of main and 18,000 feet of service line, constructing a 180,000-gallon storage tank, and installing meters on all service connections.*

PROJECT STATUS: Under construction and is expected to be completed in 2007.

Projects Approved by the 2005 Legislature

Forty-seven applications requesting $18,551,674 in TSEP funds were submitted for the 2007 biennium. The 2005 Legislature approved $17,688,475 in TSEP grant funds for forty-two projects.

NAME 0F RECIPIENT	**Beaverhead County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 84,886	TSEP Grant
	$ 84,886	Local Funds
TOTAL	$ 169,772	

PROJECT SUMMARY: The 3rd Avenue Bridge has a variety of deficiencies. *The project consists of replacing the existing bridge.*

PROJECT STATUS: Under contract, but no other start-up conditions have been met. In design.

NAME OF RECIPIENT	**Big Fork County Water and Sewer District**	
TYPE OF PROJECT	New Wastewater System	
FUNDING	$ 460,000	TSEP Grant
	$ 272,100	SRF Loan
TOTAL	$ 732,060	

PROJECT SUMMARY: Mayport Harbor is located between the Flathead River and the District, and has the following problems: individual septic tank systems, phosphorous breakthrough is potentially occurring in certain locations, the area is subject to high groundwater, poorly treated sewage is potentially degrading state waters, lot sizes are less than the minimum required for onsite sewer, setbacks from surface water are less than the minimum distance required, and the systems are in flood prone areas. *Major elements of the project include: installing approximately 4,500 feet of four-inch PVC service lines; 3,350 feet of eight-inch PVC gravity main; and 1,000 feet of four-inch PVC force main connecting the Mayport Harbor area to the District's wastewater system, and constructing a lift station.*

PROJECT STATUS: Under contract, completing remaining start-up requirements. In design.

NAME OF RECIPIENT	**Big Horn County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 142,500	TSEP Grant
	$ 90,450	Local Funds
	$ 52,050	In-kind
TOTAL	$ 285,000	

PROJECT SUMMARY: The Tullock Creek Bridge has a variety of deficiencies. *The project consists of replacing the existing bridge.*

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	**Carter Chouteau County Water and Sewer District**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 344,600	RD Loan
	$ 350,000	RD Grant
TOTAL	$1,294,600	

PROJECT SUMMARY: The district's water system has the following deficiencies: the infiltration gallery that serves as the source of supply has been designated as "groundwater under the direct influence of surface water", arsenic level is 33 ug/L, which is over three times the maximum allowed by the Safe Water Drinking Act, manganese level is 0.36 mg/L, which is over seven times the maximum allowed by the Safe Water Drinking Act, cracking of the PVC distribution pipe, with over 50 leaks in the past two years, total loss of water to users over extended periods when repairing leaks, pump house #2 is constructed on clay material with a poor foundation footprint, access to the pump house can be difficult during the winter due to drifting snow, and the chlorine contact time prior to the first service connection is insufficient to guarantee drinking water safe from waterborne pathogens. *Major elements of the project include: install point-of-use devices on each service connection (to remove arsenic), install sample pump and sample line, chlorine residual monitor, turbidity monitor, flow meter, and an in-line ultraviolet disinfection unit in the infiltration gallery pump house, install approximately 80 feet of 24-inch pipe prior to the first service connection, install water meters on all service lines, relocate pump house #2, replace approximately 4,000 feet of six-inch main line between pump house #2 and pump house #3, and replace approximately 32,000 feet of three-inch and four-inch main line between pump house #3 and pump house #4.*

PROJECT STATUS: The water mains and associated work are under construction, and waiting to bid the POU's.

NAME OF RECIPIENT	**Cascade, Town of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 500,000	CDBG Grant

	$ 100,000	DNRC Grant
	$ 154,000	Local Funds
TOTAL	$1,254,000	

PROJECT SUMMARY: The Town's water system has the following deficiencies: over half of the water distribution system is comprised of leaky and undersized steel and cast iron water mains (tests have shown them to flow 10 times less than the recommended ISO fire flow requirements, and 70% are four-inch or smaller and are in violation of the Department of Environmental Quality standards), a computer model of the system indicates negative pressures could be experienced in the system during high water demand periods, which increases the likelihood of contaminates being introduced into the system, 19 fire hydrants are 1913 vintage with 2.5-inch nozzles that are inoperable or leak excessively, and many cannot be connected to the Town's fire fighting equipment, storage is inadequate for emergency demand and fire protection, no auxiliary power is available, and the distribution system is experiencing problems with tuberculation on the interior of the pipes, resulting in constriction of flow. *Major elements of the project include: replace 19 fire hydrants with six-inch hydrants, construct approximately 4,000 feet of core transmission line to the school, commercial and downtown areas using 10 inch main, construct a new 273,000-gallon buried concrete storage reservoir, install new telemetry controls for the wells and water storage reservoir, and install a portable generator for emergency operation of the existing wells.*

PROJECT STATUS: In design and bid documents are being reviewed.

NAME OF RECIPIENT	**Conrad, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$1,170,000	SRF Loan
	$ 27,700	Local Funds
TOTAL	$1,697,700	

PROJECT SUMMARY: The City's wastewater system has the following deficiencies: treatment facility is in excess of its 20-year life expectancy, with some mechanical portions as old as 35 years, frequent and reoccurring effluent permit violations for biochemical oxygen demand (BOD) and total suspended solids (TSS), despite an active flow management program that attempts to minimize spring turnover effects, sludge level accumulation in the primary cell exceeds six feet in depth and has recently created a visible sludge "beach" near the cell inlet, and sludge depth in the two facultative cells exceeds three feet. *Major elements of the project include: construct a partially-mixed aerated lagoon system, install ultraviolet disinfection facilities, and dewater, remove, and land apply the accumulated sludge.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Crow Tribe**	
TYPE OF PROJECT	Wastewater System Improvements in Crow Agency	
FUNDING	$ 500,000	TSEP Grant
	$1,248,785	RD Grant/Loan
	$ 357,000	IHS Grant
	$ 100,000	Coal Board Grant
	$ 267,000	EPA Grant
TOTAL	$2,472,785	

PROJECT SUMMARY: The wastewater system in Crow Agency has the following deficiencies: system is not sized to accommodate the design peak flow without surcharging, approximately 5,750 feet of mains are four-inch or six-inch diameter (minimum of eight-inch is required), approximately 17,250 feet of the mains have been installed at less than the required slope, deteriorated mains and manholes as evidenced by cracked pipes, root penetration, sagging lines, offset joints, crumbling manhole barrels, missing steps and settling, master lift stations, which lifts wastewater to the treatment lagoons, has inadequate capacity, and the dry pit

side of one of the two lift stations was totally filled with water when recently observed (these would be combined into a single lift station when replaced). *Major elements of the project include: construct a new sewer interceptor through Crow Agency, and replace the west and master lift stations.*

PROJECT STATUS: Under contract, completing remaining start-up conditions. In design.

NAME OF RECIPEINT	**Custer Area – Yellowstone County Water and Sewer District**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 500,000	CDBG Grant
	$ 117,894	SRF Loan
	$ 132,500	Coal Board Grants (two)
	$ 100,000	DNRC Grant
	$ 14,343	TSEP PER Grant
	$ 14,053	Local Funds
TOTAL	$1,364,447	

PROJECT SUMMARY: The District's wastewater system has the following deficiencies: undersized, leaking, and deteriorating lift station, lift station lacks flow meter, straining mechanism or grinding mechanism, lagoons are leaking approximately 84% of the wastewater that enters, less than five days detention time in the lagoons causes untreated wastewater to directly enter the groundwater, there is a major inflow and infiltration problem in the wastewater collection system, and the amount of flow in the wastewater system varies with the water table resulting in untreated wastewater seeping into the ground water from the collection system. *Major elements of the project include: construct a new lift station, video inspect the collection lines and clean as needed, replace clay tile pipe with approximately 4,000 feet of eight-inch PVC pipe, install approximately 2,650 feet of force main to the lagoons, and restructure the current lagoon cells into two lined facultative lagoons and infiltration/percolation ponds.*

PROJECT STATUS: New pumps have been installed, and the new lift station is fully operational.

NAME OF RECIPIENT	**Dodson, Town of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 427,500	TSEP Grant
	$ 443,150	CDBG Grant
	$ 100,000	RRGL Grant
	$ 88,212	SRF Loan
TOTAL	$1,058,862	

PROJECT SUMMARY: The Town's wastewater system has the following deficiencies: existing single-cell lagoon does not meet the Department of Environmental Quality (DEQ) requirements for a minimum of three treatment cells, inlet pipe to the lagoon is located too near the discharge, sludge has accumulated to a depth of 1.6 feet in the lagoon, existing treatment pond detention time for current flows is 120 days, resulting in insufficient treatment prior to discharge, over a dozen biochemical oxygen demand (BOD) and total suspended solids violations since 1994, present treatment system will not meet the proposed fecal or ammonia limits proposed for the upcoming 2006 permit, and existing lift station is substandard. *Major elements of the project include: install a new lift station and replace the existing lagoon with a two-cell total retention lagoon.*

PROJECT STATUS: Bid was awarded and construction will begin in winter 2006/07.

NAME OF RECIPIENT	**Ennis, Town of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 204,894	TSEP Grant
	$ 100,000	RRGL Grant
	$ 104,894	SRF Loan

TOTAL	$ 409,788

PROJECT SUMMARY: The Town's wastewater system has the following deficiencies: no disinfection, discharge is not possible during periods of river gorging in the spring, and sludge volume of 4,000,000 gallons, which has an estimated 17% solids content. *Major elements of the project include: install an ultraviolet treatment facility, construct approximately 285 feet of four-inch outfall pipe, and land apply dried sludge*

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	**Glacier County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$2,575,755	SAFTU Grant
TOTAL	$3,075,755	

PROJECT SUMMARY: The St. Mary's Bridge has a variety of deficiencies. *The project consists of replacing the existing bridge. The new bridge would be for vehicles only and would no longer be used by the St. Mary Canal to support the pipes.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Glasgow, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$1,062,900	SRF Loan
	$ 45,000	Local Funds
TOTAL	$1,607,900	

PROJECT SUMMARY: The City's wastewater system has the following deficiencies: the treatment facility has reached the end of its useful life, the Department of Environmental Quality (DEQ) has issued two violation letters for failure to meet permitting requirements, ammonia discharge permit limits cannot be met in July and August, the aeration system and baffles within the treatment cells are in poor condition, numerous diffusers are inoperable, current treatment facility would not be able to meet future disinfection standards, lift station pumps are over 30 years old and have reached the end of their useful life, and no back-up source of power for the lift station, which has experienced 18 power outages. *Major elements of the project include: upgrade the existing treatment plant to a four-cell advanced aerated lagoon facility, replace the lift station pumps, rehabilitate the lift station's wet well, and install a new back-up power supply at the lift station.*

PROJECT STATUS: Design work is on hold pending resolution of the MPDES permit issues. Grantee anticipates going to bid in February 2007 with construction starting that spring.

NAME OF RECIPIENT	**Havre, City of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 487,000	MDT Grant
	$ 140,000	SRF Loan
	$ 145,000	Local Funds
TOTAL	$1,132,500	

PROJECT SUMMARY: The City's water system in the project area has the following deficiencies: water mains are old and at the end of their service life, a six-inch cast iron water main is undersized and incapable of delivering adequate fire flows, and porous, non-metallic gaskets used during the installation of the water mains increase the potential for contamination of the drinking water system from carcinogenic compounds in the soil and/or groundwater. *Major elements of the project include: replace approximately 3,900 feet of water main*

with 10 inch ductile iron pipe and install 20 additional fire hydrants.

PROJECT STATUS: Under contract, working on start-up conditions. In design.

NAME OF RECIPIENT	**Hill County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 450,750	TSEP Grants
	$ 189,832	Local Funds
	$ 276,016	In-kind
TOTAL	$ 901,598	

PROJECT SUMMARY: The county has three bridges (The Big Sage Bridge, The Lineweaver Bridge and Henry's Bridge) with a variety of deficiencies. *The project consists of replacing all three bridges.*

PROJECT STATUS: Henry's Bridge is under construction, and Big Sage and Lineweaver Bridges is in design.

NAME OF RECIPIENT	**Hysham, Town of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 462,359	TSEP Grant
	$ 15,000	Local Funds
	$ 453,799	RD Loan
TOTAL	$ 931,158	

PROJECT SUMMARY: The Town's water system has the following deficiencies: a decline in the Yellowstone River water level has reduced the head available to drive water through the sand and gravel and into the infiltration gallery, the edge of the surface water has moved laterally away from the infiltration gallery line causing an increase in the groundwater flow path from the river to the infiltration gallery, clarification and filtration basins are showing severe signs of rust and deterioration, no check valve and foot valve in the pump station results in back flushing of filter media into the low service pump caisson, loss of filter media in the Yellowstone River, control system is antiquated and worn out, and deteriorated and undersized water mains in parts of the distribution system. *Major elements of the project include: extend the infiltration gallery further out into the river, rehabilitate the clarification and filtration basins, install check valves, and restore the supply of filter media, and replace the control system with a new supervisory control and data acquisition system.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Laurel, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 433,000	SRF Loan
TOTAL	$1,033,000	

PROJECT SUMMARY: The City's wastewater system has the following deficiencies: increasing amounts of infiltration and inflow are impacting the capacity of sewer mains, undersized mains and root intrusion within the collection system, failure or back-up of sewer mains have led to release of raw sewage in basements and homes, the two sewage lift stations are nearing the end of their useful life, during peak flow events the plant is not able to treat to permitted effluent limits, and several areas of the treatment plant have been identified as needing upgrades in the near future to ensure continued permit compliance. *Major elements of the project include: replace about 6,500 feet of trunk mains with new 24-inch, 36-inch and 48-inch diameter mains.*

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	**Lewis & Clark County**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 288,757	TSEP Grant
	$ 40,950	SRF Loan
	$ 576,048	STAG Grant
	$ 147,421	Local Funds
TOTAL	$1,053,176	

PROJECT SUMMARY: The project area has the following deficiencies: the fairgrounds lift station has served its useful life and requires extensive maintenance, alternative power sources are not available in case of power outages at the fairgrounds lift station, one of two on-site wastewater systems at the AGC Laborer's Training Facility has failed and replacement has not been possible because of high groundwater elevations and the Woodlawn Park Addition has failing septic systems, lack of drainfield replacement areas, and unacceptable nitrate levels in the domestic water supply (groundwater). *The proposed project is the first of a two-phase project. This first phase would connect the Fairgrounds/Dunbar area to the City of Helena's wastewater system, while in the second phase, the area would be connected to the City's water system.*

PROJECT STATUS: Design is finished pending approval by the Montana Department of Transportation.

NAME OF RECIPIENT	**Libby, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$1,400,000	STAG Grant
	$ 500,000	WRDA Grant
	$ 79,000	SRF Loan
	$ 12,000	Local Funds
TOTAL	$2,591,000	

PROJECT SUMMARY: the Cabinet Heights area has the following problems: drainfield failures and seepage pits instead of drainfields due to small lots. *Major elements of the project include: extend a gravity collection system from the City of Libby to the Cabinet Heights area, by installing approximately 12,400 feet of eight-inch PVC pipe, construct one lift system, and abandon the existing on-site wastewater treatment and disposal system.*

PROJECT STATUS: Under contract, working on start-up conditions. Still trying to get funding package together.

NAME OF RECIPIENT	**Madison County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 179,911	TSEP Grant
	$ 29,540	Local Funds
	$ 150,371	In-kind
TOTAL	$ 359,822	

PROJECT SUMMARY: The county has three bridges (The Noble Fork Bridge, The Lower North Meadow Creek Bridge, The Carey Lane Bridge, The Upper North meadow Creek Bridge, The Lower South Willow Bridge and The Old Stage Bridge) with a variety of deficiencies. *The project consists of replacing all six bridges.*

PROJECT STATUS: Start-up conditions have been met. Carey Lane, Old Stage Bridge & North Meadow Creek Bridge have been constructed. The remaining bridges are under construction and nearly completed.

NAME OF RECIPIENT	**Malta, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 685,000	RD Grant
	$3,606,000	RD Loan
TOTAL	$4,791,000	

PROJECT SUMMARY: The City's wastewater system has the following deficiencies: Trafton lift station piping and valves are corroded, deteriorated and/or inoperable, Trafton lift station pumps are corroded and have reached the end of their useful life, Robinson lift station air lift pumps are outdated technology and difficult to maintain, Robinson lift station valves and piping do not have a separate dry well, the Trafton and Robinson lift stations do not have safe access for repair or maintenance, no backup power at the other four lift stations, City has had 15 discharge permit violations of biochemical oxygen demand (BOD), total suspended solids (TSS), and fecal coliform since May 1998, system will not meet anticipated ammonia limits in the next permit, two-cell configuration limits the operational flexibility of the system and does not meet the Department of Environmental Quality (DEQ) standards of a three-cell lagoon system, significant accumulation of sludge and the sludge does not meet the Environmental Protection Agency (EPA) land application standards, no riprap is present on the majority of the dike banks, resulting in advanced erosion, existing outfall line to the Milk River has repeatedly failed due to collapsing pipe and manholes, and no service meters on the water system that can determine actual usage. *Major elements of the project include: construct a single partial-mix aerated lagoon, with storage cells, an ultraviolet disinfection system and spray irrigation, line the proposed lagoons with a synthetic PVC liner, replace the Robinson lift station, construct a new staircase at the Trafton lift station*

PROJECT STATUS: Contract has been signed, but no other start-up conditions have been met. In design with construction expected to begin in 2007.

NAME OF RECIPIENT	**Miles City, City of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$1,967,000	SRF Loan
	$ 50,000	Local Funds
TOTAL	$2,517,000	

PROJECT SUMMARY: The City's water system in the project area has the following deficiencies: lack of redundancy, low pressures (below 35 psi) at peak demand times, due to the limited capacity (number, size and location) of existing transmission and distribution lines to and within this area, inadequate fire flows, poor water quality (stagnant water; low chlorine residual; taste, odor and appearance problems; and higher than desirable disinfection byproducts), inability to properly flush the lines to maintain water quality, corroded lines harbor bacteria, potential cross connections, periodic water outages due to repairs, and heavy turberculation in the small, unlined, cast iron four-inch lines, which tend to allow biofilms to exist. *Major elements of the project include: extend the 10-inch Bender Park water main into the project area, connect the 14-inch main on North Haynes Avenue and the 10-inch Bender Park main with a new 12-inch main (approximately 5,800 feet), replace approximately 19,500 feet of four-inch and six-inch cast iron distribution lines with eight-inch lines, and install new valves, 35 fire hydrants, and service line connections between the main and the property line.*

PROJECT STATUS: Under contract, no other start-up conditions met.

NAME OF RECIPIENT	**Mineral County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 80,090	TSEP Grant
	$ 61,946	Local Funds
	$ 18,144	In-kind
TOTAL	$ 160,180	

PROJECT SUMMARY: The Cedar Creek Bridge has a variety of deficiencies. *The project consists of replacing the bridge.*

PROJECT STATUS: Bridge has been constructed, and some minor approach roadway work is expected to be completed in spring of 2007.

NAME OF RECIPIENT	**Missoula County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 275,172	TSEP Grant
	$ 275,172	County Local
TOTAL	$ 550,334	

PROJECT SUMMARY: The County's two bridges (La Valle Creek Bridge and Finley Creek Bridge) have a variety of deficiencies. *The project consists of replacing both bridges*

PROJECT STATUS: Under contract and working on start-up conditions. Design in progress and construction will start spring 2007.

NAME OF RECIPIENT	**Ranch County Water District**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant.
	$ 10,000	County Funds
	$ 120,500	CDBG Grant
	$ 9,000	Ranch
	$ 100,000	RRGL Grant
	$ 650,000	RD Loan
TOTAL	$1,389,500	

PROJECT SUMMARY: The District's water system has the following deficiencies: wells do not meet design flows with the largest well out of service, substandard well construction, inadequate chlorine contact time and chlorination system housing, deterioration of wooden portion of storage tank, inadequate water pressure, distribution lines are not sized for fire flows, distribution lines are not looped, and no water meters. *Major elements of the project include: a new well, a 150,000-gallon storage tank, a new pump house/chlorination facility, a new distribution network consisting of about 7,00 feet of eight-inch pipe, twelve fire hydrants, and thirty service meters.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Richland County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 453,841	TSEP Grant
	$ 122,479	Local Funds
	$ 331,362	In-kind
TOTAL	$ 907,682	

PROJECT SUMMARY: The County has four bridges (The 4th Street Bridge, The Miller Bridge, The Fox Creek Road Bridge and The Vaira Bridge) with the following deficiencies: *The project consists of replacing all four bridges.*

PROJECT STATUS: Under contract and start-up conditions are nearly complete. Construction on the Fox Creek Road bridge is nearly done and was paid for by county funds. Design is being completed on the 4th Street, Miller, and Vaira bridges with construction beginning in spring 2007.

NAME OF RECIPIENT	**Seeley Lake Sewer District**	
TYPE OF PROJECT	New Wastewater System	
FUNDING	$ 500,000	TSEP Grant-District
	$ 750,000	TSEP Grant-County
	$ 100,000	RRGL Grant
	$ 305,000	CDBG Grant
	$1,750,000	STAG Grant
	$1,443,000	WRDA Grant
	$ 262,000	RD Loan
TOTAL	$5,110,000	

PROJECT SUMMARY: The lack of a centralized wastewater system in Seeley Lake has resulted in the following problems: elevated nitrate levels in the groundwater in the areas of high density, increased algae concentrations and turbidity in Seeley Lake, elevated nitrates, phosphorus and fecal coliforms in the groundwater downgradient of the community, and increased nutrient loads facilitate eutrophication of the lake and increases water quality degradation. *Major elements of the project include: construct a new centralized wastewater collection and treatment system that would serve that portion of the District with the highest density. The proposed treatment system is an aerated lagoon with a storage cell and discharge using spray irrigation in the summer months in the adjacent forest.*

PROJECT STATUS: No start-up conditions have been met. Seeking funding.

NAME OF RECIPIENT	**Sheridan, Town of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 500,000	CDBG Grant
	$ 500,000	STAG Grant
	$ 7,500	Local Funds
	$ 461,400	SRF Loan
TOTAL	$2,068,900	

PROJECT SUMMARY: The Town's water system has the following deficiencies: inadequate water supply, water mains are old and undersized, and are not capable of providing minimum recommended fire flows, some of the hydrants are inoperable, leak excessively, or are undersized, distribution lines leak, with 44 repairs over the past two years, concrete storage tank roof is deteriorated, concrete storage tank leaks, coating on steel storage tank is worn and deteriorated, and well field is rated a "high hazard" by the Department of Environmental Quality for agricultural contaminants and hazardous materials. *Major elements of the project include: install approximately 4,600 feet of eight-inch PVC and 8,000 feet of six-inch PVC mains, install approximately 19 new fire hydrants, drain and inspect, and clean both storage tanks, grout as necessary, and re-coat surfaces, replace roof structure of the concrete tank, install service meters on nine high volume users, and drill a test well to determine the feasibility of developing another water source.*

PROJECT STATUS: Under contract, working on start-up conditions. Plan to begin construction in 2007.

NAME OF RECIPIENT	**Spring Meadows County Water District**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 487,500	TSEP Grant
	$ 100,000	RRGL Grant
	$ 472,835	SRF Loan
	$ 50,000	Local Funds
TOTAL	$1,110,335	

PROJECT SUMMARY: The District's water system has the following deficiencies: peak demand cannot be met with the two wells, there is no storage to provide fire protection or adequate water quantity to maintain water pressures during the irrigation season, well #2 pumps an excessive amount of sand into the distribution system, preventing the use of water meters, stagnant conditions exist and sand accumulates at two dead-end mains, very low pressures are regularly experienced during the irrigation season and the potential for negative pressures is high, and some individuals use booster pumps, which are illegal and create a high potential for backflow. *Major elements of the project include: install approximately 65 service meters for all users, construct a 150,000-gallon concrete storage tank and a booster pump station, replace well #2 with a new well, add four fire hydrants, eliminate two dead ends, and construct an administrative building.*

PROJECT STATUS: Project bid out, but all bids received were over budget, will re-bid with a new tank design.

NAME OF RECIPIENT	**St. Ignatius, Town of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$1,464,000	RD Loan
	$1,145,000	RD Grant
	$ 500,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 750,000	STAG Grant
TOTAL	$4,459,000	

PROJECT SUMMARY: The Town's wastewater system has the following deficiencies: eleven BOD and TSS violations since 1998, the lagoon leaks over four times the state design standard resulting in degradation to groundwater and nearby surface water and wells, the single-cell facultative lagoon does not meet current state design standards requiring a minimum of two equally sized primary treatment cells and one secondary cell, the single-cell operation encourages short-circuiting across the cell resulting in poor treatment efficiency, the existing system does not meet the design standard for detention time for facultative lagoons resulting in reduced treatment efficiency, BOD loading to the existing facultative ponds exceeds the state design standard resulting in poor treatment efficiency and possibly odor problems, the system fails to meet the discharge limit for fecal coliform colonies in the discharged effluent, the discharge is resulting in ammonia toxicity in the receiving water, and there is inflow from manholes and roof drains at the school during runoff or storm events. *Major elements of the project include: construct an aerated lagoon system, construct a storage lagoon inside the existing facultative lagoon footprint, install a liner in each of the lagoon cells, install an ultraviolet light disinfection system, construct about 15,00 feet of eight-inch gravity main to transmit treated effluent to the irrigation site, install three effluent irrigation pivots, and install sealed manhole covers.*

PROJECT STATUS: Plan to begin construction in 2007.

NAME OF RECIPIENT	**Stillwater County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 399,853	TSEP Grant
	$ 285,000	Local Funds
	$ 114,853	In-kind
TOTAL	$ 799,706	

PROJECT SUMMARY: The County's seven bridges (The Orser Bridge, The Fireman's Point Bridge, The Lover's Lane Bridge, The Jackstone Bridge, The Centennial Bridge, The Svenson Bridge and The Weppler Bridge) have a variety of deficiencies: *The project consists of replacing all seven bridges.*

PROJECT STATUS: Fireman's Point and Centennial Bridges are under construction, with the others in design.

NAME OF RECIPIENT	**Sweet Grass County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 144,989	TSEP Grant
	$ 65,736	Local Funds
	$ 79,253	In-kind
TOTAL	$ 289,978	

PROJECT SUMMARY: The County's three bridges (The Yellowstone Trail Bridges: YT391 and YT536, and The Wheeler Creek Road Bridge) have a variety of deficiencies. *The project consists of replacing all three bridges.*

PROJECT STATUS: In design. Culvert purchased for Yellowstone Trail Bridge.

NAME OF RECIPIENT	**Upper-Lower River Road Water and Sewer District**	
TYPE OF PROJECT	Water/Wastewater System	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 332,000	CDBG Grant
	$1,318,000	STAG Grant
	$ 657,700	SRF Loan
TOTAL	$2,907,700	

PROJECT SUMMARY: The lack of a centralized water and wastewater system in the project area is creating the following problems: on-site wastewater systems in the area are causing high levels of nitrate and ammonia in the drinking water wells, and area wells are naturally high in iron, sodium, sulfate and total dissolved solids. *Major elements of the project include: install approximately 9,300 feet of eight-inch PVC sewer main and 4,950 feet of four-inch and six-inch service line, install approximately 8,400 feet of eight-inch PVC water main and 5,380 feet of ¾-inch service line, install approximately 115 service meters, and install 21 fire hydrants.*

PROJECT STATUS: Under contract, completing start-up requirements.

NAME OF RECIPIENT	**Valier, Town of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 600,000	SRF Loan
TOTAL	$1,200,000	

PROJECT SUMMARY: The Town's wastewater system has the following deficiencies: aging and deteriorating collection system, continual plugging problems caused by roots and mineral deposits, joints are not intact and are susceptible to infiltration or exfiltration, and raw sewage can potentially leak into the groundwater. *Major elements of the project include: replace or rehabilitate approximately 6,000 feet of clay piping by sliplining as much as possible or replacing clay tile with PVC. Replace or rehabilitate 17 manholes. The specific type of material to be used for sliplining would be determined during the design phase.*

PROJECT STATUS: Under construction with completion expected in 2007.

NAME OF RECIPIENT	**Whitefish, City of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 457,500	TSEP Grant
	$ 100,000	RRGL Grant
	$ 357,500	SRF Loan

TOTAL	$ 915,000	

PROJECT SUMMARY: The City's water system has the following deficiencies: two old and undersized water mains that lie under the railroad yard, one of which is unlined, that serve the south portion of the city, causes severe access restrictions for maintenance, frequent leakage problems with Texas Avenue pipe, diesel contamination of soils and groundwater in the vicinity of the Texas Avenue water main could potentially result in contamination of the city's drinking water, and if the Texas Avenue main were to fail, water modeling indicates that negative or very low pressures would occur in the southern portion of the system during fire flow events. This could cause contamination of the water system from backflow. *Major elements of the project include: replace the old 12-inch Texas Avenue water main with approximately 650 feet of 18-inch main.*

PROJECT STATUS: Under contract, working on start-up conditions. In design.

NAME OF RECIPIENT	**Woods Bay Homesites Lake County Water and Sewer District**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 443,100	RD Loan
	$ 225,000	RD Grant
	$ 100,000	RRGL Grant
TOTAL	$1,268,100	

PROJECT SUMMARY: The District's water system has the following deficiencies: booster station and well pumphouse do not have backup pumps in violation of the Department of Environmental Quality (DEQ) 1 standards, well pumphouse's access, fire protection, and above ground construction do not meet the DEQ 1 standards, undersized and leaking distribution lines, which result in low water supply and pressure, dead-end distribution mains, inadequate storage facility capacity for fire flows, portions of the system operate at less than the DEQ minimum working pressure of 35 psi, lack of storage facility security, lack of service meters, and lack of fire hydrants. *Major elements of the project include: install approximately 2,400 feet of six-inch PVC and 10,500 feet of eight-inch PVC water main, install approximately 99 service connections and meters, install approximately 14 fire hydrants, upgrade pumphouses, and connect to the adjacent water district's (Sheaver's Creek) water system at two points with eight-inch PVC main, which would allow access to the 140,000 gallon storage tank that is to be constructed in the adjacent district.*

PROJECT STATUS: Under contract, no other start-up requirements met.

NAME OF RECIPIENT	**Yellowstone County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 187,800	TSEP Grant
	$ 187,800	County Local
TOTAL	$ 375,600	

PROJECT SUMMARY: The Five-Mile Creek Bridge has a variety of deficiencies. *The project consists of replacing the existing bridge.*

PROJECT STATUS: Bridge is under construction with substantial completion anticipated in spring of 2007.

APPENDIX D

TSEP PRELIMINARY ENGINEERING GRANTS AWARDED BY THE DEPARTMENT DURING THE 2007 BIENNIUM

Grant Recipient	Project Type	TSEP Grant Amount	PER Completed
Alberton	Water system	$5,000	In progress
Bainville	Wastewater system	$15,000	Yes
Big Fork District	Wastewater system	$15,000	Yes
Carbon County	Bridge system	$15,000	In progress
Colstrip	Wastewater system	$15,000	In progress
Custer County	Bridge system	$9,250	Yes
Cut Bank	Water system	$15,000	Yes
Darby	Water system	$15,000	Yes
Dutton	Wastewater system	$15,000	In progress
Elk Meadows District	Water system	$15,000	Yes
Ennis	Storm water system	$15,000	In progress
Forsyth	Water system	$15,000	Yes
Fort Benton	Storm water system	$15,000	Yes
Gallatin County	Wastewater system - Hebgen Lake Estates	$15,000	Yes
Goodan Keil District	Water system	$15,000	Yes
Granite County	Solid waste system	$6,000	In progress
Harlem	Water system	$15,000	Yes
Jefferson County	Bridge system	$15,000	Yes
Jordan	Wastewater system	$15,000	Yes
Judith Basin	Bridge system	$12,000	Yes
Lake County	Potential of wastewater system - east side of Flathead Lake in vicinity of Woods Bay	$15,000	In progress
Laurel	Storm water system	$15,000	In progress
Lewis & Clark County	Potential of wastewater system – Craig and Wolf Creek	$15,000	Yes
Lewistown	Wastewater system	$15,000	In progress
Lockwood District	Water system	$15,000	Yes
Loma District	Water system	$15,000	Yes
Madison County	Bridge system	$15,000	Yes
Manhattan	Water system	$10,000	Yes
Miles City	Wastewater system	$15,000	In progress
North Valley Co. District	Water system - Saint Marie	$11,000	Yes
Park County	Wastewater system - Gardiner	$15,000	In progress
Powell County	Bridge system	$15,000	Yes
Red Lodge	Water system	$15,000	Yes
Saco	Wastewater system	$15,000	In progress
Saltese District	Wastewater system	$13,500	Yes
Seeley Lake District	Water system	$10,000	Yes
Sheridan	Wastewater system	$14,735	Yes
Stillwater County	Bridge system	$15,000	Yes
Sweet Grass County	Bridge system	$15,000	Yes
Three Forks	Wastewater system	$15,000	Yes

Tri-County District	Wastewater system	$13,500	Yes
Whitehall	Wastewater system	$15,000	Yes
Woods Bay	Potential of wastewater system	$15,000	In progress

Total Amount Awarded $599,985